



## **GAUTENG ENTERPRISE PROPELLER**

**DRAFT ANNUAL PERFORMANCE  
PLAN  
2022/2023**



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The Annual Performance Plan for the Gauteng Enterprise Propeller is available on:

[www.gep.co.za](http://www.gep.co.za)

## EXECUTIVE AUTHORITY STATEMENT

The Gauteng Enterprise Propeller (GEP) Strategic Plan for the 2021/22 planning period, is presented in terms of the Public Finance Management Act, 1999 (Act 1 of 1999 as amended by Act 29 of 1999) and in terms of the Revised Framework for Strategic Plans and Annual Performance Plans (DPME, 2019).

The GGT2030 is fully aligned to the 2019-2024 MTSF and sets out the provincial political strategic framework for 2020-2025 as a building block to 2030 and makes specific commitments to implement the governing party's manifesto under the unique conditions of Gauteng. The Apex priorities of GGT2030 are consolidated into five-year Delivery Agreements for each Member of the Executive Council (MEC). Without exception, these priority commitments must be included in the Annual Performance Plans of the Department and its Entities.

The 2022/23 APP is developed on the back of the high rise in unemployment unprecedented in the history of South Africa. The state of the economy in the country and the province continues to be dire, characterised by national and global recessionary pressures. Compounding this gloomy picture is the spread of Covid19 and the resultant lockdown, hindering the economy in being fully operational. While the concentration of Covid19 pandemic has subside, allowing all the sectors to operate, the adverse effect has been so severe on the economy. The province has committed on a big push to reverse the high unemployment levels through various methods modelled around the Resource Aggregator Model and the scaling up of agglomeration economies. This approach resonates with the One Plan spearheaded by the District Development Model. In a nutshell, the One Plan would aggregate all the development interventions from various spheres of government to enhance and accelerate economic growth.

In a bid to reduce fragmentation across departments, agencies and Development Finance Institutions, a fully functional War Room has been established with various workstream dedicated and committed to unlock and accelerate economic growth and employment creation in the province. In addition to this, the provincial leadership has elevated the role of the Gauteng Department of Economic Development to ensure an integrated approach to economic growth across all the departments in the province. This is a good step in addressing the bottlenecks and increasing access to public sector procurement market. This will ensure that resources allocated to stimulate economic growth such as budget allocated for enterprise supplier development through BBBEE and strategic Preferential Procurement assist in accelerating economic growth in the province. Central to this initiative is unlocking market access for small businesses, sourcing products from the township businesses and disadvantaged groups. An inclusive approach of this nature will assist to foster and increase economic participation, therefore reduce poverty and create decent employment. This will then assist in maximising the whole potential of the province and put the economy on a positive growth trajectory.

The provision of financial support to small businesses and Black industrialists is among these commitments. The Gauteng Enterprise Propeller in collaboration with the Gauteng Department of Economic Development established an SMME Partnership Fund in 2021 to accelerate economic growth. In scaling up economic interventions in the province, GEP has partnered with the Industrial Development Cooperation (IDC) while mobilising other potential funders.

It is worth noting that in July 2021, the country experienced a spate of looting, concentrated mostly in KwaZulu Natal and Gauteng province. This destabilised economic growth, especially in the townships and further impacted the transportation of goods. Compounding this unprecedented looting was the Covid-19 pandemic, pushing the country further into recession, slow economic growth and massive job losses. As a response to these major economic challenges, the province forged a collaboration with the National government to ensure the resuscitation of the affected businesses. The Gauteng government established a Rebuilding Fund to ensure business and job retention.

Central to the effort to accelerate economic growth in the province is the localisation and industrialisation across Gauteng regions. The establishment of industrial clusters linked to local and regional value chains would assist to unlock local content and create sustainable business enterprises.

GEP's role should continue to be viewed through two lenses: as an enabler of enterprise growth, and through the delivery of targeted financial and non-financial support to small enterprises. This requires that the GEP's strategic posture should continue to be in the context of the Aggregator role that entails leveraging and maximising of available enterprise development for Gauteng-based small enterprises. More Partnerships on enterprise development should therefore be pursued and concluded to realise the benefits of the Aggregator role.



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**Mr. Parks Tau (MEC)**

**Executive Authority**

## ACCOUNTING AUTHORITY STATEMENT

GGT2030 emphasizes collaborations and deep integration across sectors, businesses, municipalities and development finance institutions, as opposed to fragmented interventions. GGT2030 is a plan of action that outlines the vision for Gauteng in 2030, guided by the principles and priorities revealed in the Freedom Charter, the NDP, and the Manifesto, as well as the work done so far under the Transform, Modernise, and Reindustrialize (TMR) programme.

We welcome the provincial government's call and support to ensure that GDED and GEP plays a critical role in accelerating economic growth. Given the limited resources and fragmented approach to economic development, collaboration with various development finance institutions, government departments, private sector and government entities would increase the SMME footprint while scaling up the impact. The new inclusive and Township Economy approach to small businesses, characterised by the development of a strong pipeline of SMMEs linked to strategic procurement and Broad Based Black Economic Empowerment would not only ensure a trickle-down approach but ensure the increase participation of small businesses into the mainstream economy. The slow uptake of SMMEs due to lack of productive capabilities would be accelerated utilising a targeted sector approach to ensure that small businesses develop and commercialise quality products to be traded in the formal market. The approach predicated on the localisation and industrialisation would ensure that the province creates sustainable and competent enterprises. This would ensure that GEP shifts from a "spraygun" to a more targeted and sustainable approach required to stimulate economic growth. In line with the GEP strategy, the entity has and continues to develop partnerships with co-funders to ensure that the impact to small enterprises gets accelerated.

In line with the GGT2030 Strategy, GEP will increase support to Black Industrialists in the upcoming financial period, as part of our commitment to developing small businesses capable of creating decent employment and sustaining the existing ones. Working together with other departments and entities GEP's capacity to deliver services continues to grow. GEP has collaborated with provincial entities in various sectors of the economy including construction, automotive and agriculture.

Small businesses located in townships continue to be a provincial priority, which is largely prioritised by the sourcing of goods and services from local suppliers. Geographically, GEP is strategically positioned in various regions to provide accessibility to township-based small businesses and relevant business development support to meet this priority. Regions are also important sources for funding applications. Fostering collaborations with various municipalities, private sector and government departments has started to yield positive results whilst reducing duplications of efforts. Learning from collaborations, it has become clear that there are other funders involved in funding small businesses that are not part of the mainstream support to SMMEs. These ongoing collaborations with various departments, municipalities and entities would assist in measuring the impact on small businesses in the long run.

It is therefore essential that GEP develops regional plans detailing collaborations with local governments and national entities as part of the District Development Model and an expression of the One Plan.

The programmes should provide impetus for budgeting, planning and implementing Business Development interventions at the regional level. Small enterprises should be able to take advantage of the programmes in a hybrid way that improves their sustainability. GEP serves largely the same small enterprises supported by local and district municipalities and national agencies. An integrated approach predicated on the Aggregator and Integrated Model would ensure the reduction of duplication and enhancement of the impact of support to small enterprises.

The Executive Authority is continuously supporting the Entity in realizing its intended objectives; however, we still have work to do in order to remodel and reposition the GEP to become the face of entrepreneurship in the province. I am confident that the strategic plan and performance plan will provide us with ideas, plans, and interventions to achieve the desired result.



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**Ms. Lebogang Mphahlele**

**Chairperson of the Board**

## CHIEF EXECUTIVE OFFICER STATEMENT

The Gauteng Enterprise Propeller, is a Schedule 3C Provincial Entity established under the auspices of the Gauteng Department of Economic Development to ensure the development and growth of the small enterprises in the province. The Gauteng Enterprise Propeller has set the following vision for the new five-year term that lies ahead:

**“a responsive and impactful propeller for sustainable business enterprises in the Gauteng Province”**

This vision is informed by the 6<sup>th</sup> Administration’s call for the Agency to move towards stimulating and resuscitating the economy that is currently in distress, through promoting the reindustrialisation of the Gauteng province and turning townships into productive hubs in accordance with the provincial Transformation, Modernisation and Re-industrialisation Strategy (TMR) and Growing Gauteng Together 2030 (GGT 2030).

It is worth noting that it has been difficult for the entity to perform at the height of Covid-19 pandemic compounded by the spate of looting. However, GEP has stepped up to ensure that small businesses receive business development support. As part of improving efficiency, GEP products were reviewed to ensure that they respond to the provincial mandate and increase the desired impact. Part of the response to the challenges is the capacity assessment, systems improvement and turn-around times. At the center of GEP turn-around strategy is the improvement of the balance sheet and sustainability of the entity. Debt Recovery measures of the entity have been revised to ensure the recouping of debt owed for the sustenance of the organisation. There has been a notable improvement on the working relationship between various departments, entities and the development finance institutions in the province.

In the context of its role as a Resource Aggregator, GEP will continue to pursue Partnering opportunities to leverage available enterprise development resources, so as to fund the barely surviving small enterprises. The IDC Partnership concluded in the 2021/2022 financial period, will also continue in this regard.

The Rebuild Fund established in 2021/22 will be extended in the current financial year. The funding criterion is being revised so that a greater number of small enterprises affected by the July 2021 impact will have access to the available funds. Likewise, the implementation of Business Development initiatives will be continually reviewed to ensure that they are aligned to the needs of small enterprises. In this respect, the focus will be to ensure that the support given to small enterprises contributes to their growth.

The small enterprises based in the Special Economic Zone (SEZs) and industrial hubs in Gauteng, will be at the centre of focus in the upcoming period. Our aim will be to provide sustainable business development interventions to the small enterprises, in addition to the various capacity building initiatives provided by other GDED Agencies.

With regards to the Cooperatives Support Strategy, GEP will play an integral role in its implementation. In addition, the cooperatives will also be able to benefit from the Business

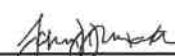
Development initiatives aimed at small enterprises. It is crucial that the declining rate of cooperatives is addressed over the short and medium term.

Lack of awareness of available funding and lack of financial knowledge remains a major barrier to small businesses accessing the necessary financial support. GEP will now be able to accelerate the review and implementation of the Rebuild Fund in the 2022/23 fiscal year. A review would include a recomposition of the funding criteria, so that most of the small businesses impacted by the July 2021 economic riots can access available funding.

Small enterprises are facing numerous challenges in the current economic climate, including the struggle to connect with buyers (matching products with potential funders). The advent of online markets and micro sales podiums that allow manufacturers to access new markets is one way of helping to overcome this challenge. This should be considered as part of the Business Development initiatives GEP should focus on to curb the ongoing folding of Gauteng-based small enterprises.

Through the strategic location of all GEP regions, the entity will maximise the economic potential of the development corridors. By fostering relationships with municipalities and the private sector, new businesses will be created (firm birth) and existing businesses will benefit from increased economic opportunities. The entity's focus on industrial clusters and agglomeration economies will ensure that regions become engines of growth, aligned with both regional and global value chains. By ensuring alignment across all sectors of the economy, identifying opportunities, and developing productive capacities, a responsive GEP will ensure small businesses benefit from opportunities within and outside the public sector.

In this planning period, GEP will maintain its focus on being proactive and responsive to the challenges faced by small businesses in Gauteng. To that end, compliance with turnaround times for assessment, approval and funding of both financial and non-financial applications will be prioritized. This is critical amid the continuing decline in the number of small businesses.

  
**Mr. Saki Zamxaka**

**Chief Executive Officer**

## OFFICIAL SIGN-OFF

It is hereby certified that this 2022/23 Annual Performance Plan:

- 1) Was developed by the management team of the Gauteng Enterprise Propeller, under the guidance of the Board;
- 2) Takes into account all the relevant policies, legislation and other mandates for which the Gauteng Enterprise Propeller is responsible;
- 3) Accurately reflects the Outputs and Targets which the Gauteng Enterprise Propeller will endeavour to achieve over the 2022/23 financial year.

  
**Mr. Vincent Mulaudzi**  
GM: Corporate Support and Administration

14/02/2022

Date

  
**Mr. Imraan Khan**  
Chief Operational Officer

14/02/2022

Date

  
**Ms. Khanyi Cele**  
GM: Strategy, Monitoring and Evaluation

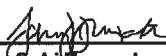
14/02/2022

Date

  
**Mr. Kaleboga Bogatsu**  
Chief Financial Officer

14/02/2022

Date

  
**Mr. Saki Zamaqaka**  
Chief Executive Officer

14/02/2022

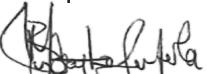
Date

### APPROVED BY:

  
**Ms. Lebogang Mphahlele**  
Chairperson of the Board

14/02/2022

Date

  
**Mr. Blake Mosley-Lefatola**  
Head of Department

28/02/2022

Date

  
**Mr. Parks Tau (MEC)**

28/02/2022

Date

## ABBREVIATIONS AND ACRONYMS

|                |   |
|----------------|---|
| <b>4IR</b>     | 4 <sup>th</sup> Industrial Revolution             |
| <b>APP</b>     | Annual Performance Plan                           |
| <b>B-BBEE</b>  | Broad-Based Black Economic Empowerment            |
| <b>BER</b>     | Bureau for Economic Research                      |
| <b>CBD</b>     | Central Business District                         |
| <b>CIPC</b>    | Companies and Intellectual Property Commission    |
| <b>DDM</b>     | District Development Model                        |
| <b>DFI</b>     | Development Finance Institution                   |
| <b>DPME</b>    | Department of Planning, Monitoring and Evaluation |
| <b>DTIC</b>    | Department of TradeIndustry and Competition       |
| <b>ESG</b>     | Environmental, Social and Governance              |
| <b>FY</b>      | Financial Year                                    |
| <b>GCR</b>     | Gauteng City Region                               |
| <b>GDED</b>    | Gauteng Department of Economic Development        |
| <b>GDP</b>     | Gross Domestic Product                            |
| <b>GEM</b>     | Gauteng Entrepreneurship Model                    |
| <b>GEP</b>     | Gauteng Enterprise Propeller                      |
| <b>GFCF</b>    | Gross Fixed Capital Formation                     |
| <b>GGT2030</b> | Growing Gauteng Together, Roadmap to 2030         |
| <b>GIBUS</b>   | Gauteng Informal Business Upliftment Strategy     |
| <b>GIIMP</b>   | Gauteng Integrated Infrastructure Master Plan     |
| <b>GPG</b>     | Gauteng Provincial Government                     |
| <b>GSDF</b>    | Gauteng Spacial Development Framework             |
| <b>ICT</b>     | Information and Communication Technology          |
| <b>IDFC</b>    | Ithala Development Finance Corporation Limited    |

|                |                                       |
|----------------|---------------------------------------|
| <b>IM</b>      | Investment Management                 |
| <b>IMF</b>     | International Monetary Fund           |
| <b>MEC</b>     | Member of the Executive Council       |
| <b>MOOC</b>    | Massive Open Online Courses           |
| <b>MTEF</b>    | Medium-Term Expenditure Framework     |
| <b>MTSF</b>    | Medium-Term Strategic Framework       |
| <b>MV</b>      | Military Veteran                      |
| <b>NDP</b>     | National Development Plan             |
| <b>PFMA</b>    | Public Finance Management Act         |
| <b>PRASA</b>   | Passenger Rail Agency of South Africa |
| <b>PwD (s)</b> | People With Disability/ies            |
| <b>Q</b>       | Quarter                               |
| <b>QLFS</b>    | Quarterly Labour Force Survey         |
| <b>R&amp;D</b> | Research and Development              |
| <b>SA</b>      | South Africa                          |
| <b>SADC</b>    | South African Development Community   |
| <b>SARB</b>    | South African Reserve Bank            |
| <b>SARS</b>    | South African Revenue Services        |
| <b>SCM</b>     | Supply Chain Management               |
| <b>SEDA</b>    | Small Enterprise Development Agency   |
| <b>SEZ</b>     | Special Economic Zone                 |
| <b>SMME</b>    | Small, Medium and Micro Enterprise    |
| <b>SOC</b>     | State-Owned Company                   |
| <b>SOE</b>     | State-Owned Enterprise/Entity         |
| <b>SONA</b>    | State of the Nation Address           |

|        |  |
|--------|--|
| SOPA   | State of the Province Address                          |
| TER    | Township Economy Revitalisation                        |
| TMR    | Transformation, Modernisation and Re-industrialisation |
| TVET   | Technical and Vocational Education and Training        |
| UN     | United Nations   |
| US/USA | United States of America                               |
| YES    | Youth Employment Service                               |

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## PART A: OUR MANDATE

### 1. UPDATES TO RELEVANT LEGISLATIVE AND POLICY MANDATES

There are updates to the legislative and policy mandates outlined in the 2020-2025 Strategic Plan, summarised as follows:

- 
- Constitution of South Africa Act (No. 108 of 1996)
  - Gauteng Enterprise Propeller Act (No. 5 of 2005) (GEP Act)
  - Companies Act, 2008 (No. 71 of 2008)
  - Public Finance Management Act (No. 1 of 1998), as amended (PFMA)
  - Full suite of governance legislation, including, amongst others:
  - King IV Code on Corporate Governance in SA (2016)
  - Intergovernmental Relations Framework Act (No. 13 of 2005)
  - Consumer Protection Act, 2008 (No. 68 of 2008)
  - National Credit Act, 2005 (No. 34 of 2005)
  - Protection of Personal Information Act, 2013 (No.4 of 2013)
  - Preferential Procurement Policy Framework Act, 2000 (No. 5 of 2000)
  - Broad-Based Black Economic Empowerment Act, 2003 (No. 53 of 2003)

- 
- National Development Plan, Vision 2030 - Chapter 8
  - Sustainable Development Goals - Goals 5, 8 and 9
  - African Union 2063 - Aspirations 1, 6 and 7
  - Medium-term Strategic Framework (MTSF 2019-2024) - Outcome 1 and 2
  - Ten Pillars of Transformation, Modernisation and Reindustrialisation (TMR)
  - Growing Gauteng Together 2030 (GGT2030) - Priority 1 and 5
  - Other key Gauteng policies and strategies supporting GGT2030:
  - Township Economy Revitalisation Strategy
  - Tshepo 1 Million
  - Gauteng Entrepreneurship Model
  - Gauteng Spatial Development Framework (GSDF) 2030
  - The GCR Integrated Infrastructure Master Plan (GIIMP)
  - Gauteng City Region Economic Development Plan
  - Gauteng Informal Business Upliftment Strategy (GIBUS)
  - GCR Governance and Planning Roadmap

### 2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

There are updates to the 2020-2025 Strategic Plan and the Annual Performance Plan. See annexure A of the 2022/2023 APP. The Strategic Plan reflects as follows:

## 2.1. PRIORITIES OF THE 6<sup>TH</sup> ADMINISTRATION

The June 2019 State of the Nation Address (SONA) established the basis for institutional planning by introducing the seven priorities of the 6<sup>th</sup> Administration. As described in the previous section, MTSF 2019-2024 has been developed in line with these priorities.

The February 2020 SONA made it clear that South Africa continues to face the stark reality of slow economic growth bedevilled by constant energy shortages that have disrupted business and social activities. Although the economy continues to create jobs to a limited extent, the high unemployment rate remains a challenge and the majority of South Africans are carrying the burden of high unemployment, high living costs and are unable to escape poverty.

Key priorities of SONA that need to inform the focus of GEP's strategy include:

- 1) Implementation of the District Development Model (DDM) that is fundamentally changing government's approach to local development.
- 2) Fiscal and monetary policy measures will be introduced as a means to easing economic pressure on business and consumers.
- 3) State-owned entities (SOEs) will be repurposed to support growth and development as part of the economic reform measures.
- 4) A two-pronged approach will be adopted to address the youth unemployment crisis – (1) creating opportunities for employment, and (2) self-employment.
- 5) The Presidential Youth Employment Intervention will be implemented focusing on six priority areas:
  - a) **Pathways** will be created for youth to participate in the economy by building cutting edge solutions to reach young people where they are, i.e. (online, on the phone and in person). Five prototypes will be launched in five provinces, that will be grown to a national network reaching 3 million people;
  - b) **Changes**: There will be fundamental changes in how young people are prepared for the future of work, providing shorter, more flexible courses in specific skills that employers require in fast-growing sectors;
  - c) **Innovation**: Developing new and innovative ways to support youth entrepreneurship and self-employment;
  - d) **Youth Employment Service**: Scaling up the Youth Employment Service and working with TVET colleges and the private sector to ensure that more learners receive practical experience in the workplace to complete their training;
  - e) **Presidential Youth Service**: Establishing the first cohort of a Presidential Youth Service Programme that will unlock the agency of young people and provide opportunities for them to earn an income, while contributing to nation building;

- f) **Set aside budget:** Leading a youth employment initiative, which will be funded by setting aside 1% of the budget to deal with the high levels of youth unemployment. This will be through top slicing from the budget, which will require that we all tighten our belts and redirect resources to address the national crisis of youth unemployment;

As part of this intervention, the National Youth Development Agency and the Department of Small Business Development will provide grant funding and business support to 1 000 young entrepreneurs.

- 6) 100 000 young entrepreneurs will be assisted over the next three years to access business skills training, funding and market facilitation.
- 7) "SheTradesZA" platform is being introduced to assist women-owned businesses to participate in global value chains and markets.
- 8) Over the next five years, the Industrial Development Corporation is targeting R10 billion of own and partner funding for women empowered businesses.
- 9) To create a larger market for small businesses, the plan is to designate 1 000 locally produced products that must be procured from SMMEs.
- 10) The Procurement Bill will soon be presented to Parliament, as part of government's efforts to empower black and emerging businesses and advance radical economic transformation.
- 11) The Clothing and Textiles Master Plan, which was signed last year, aims to create 121 000 new jobs in the retail clothing textile and footwear sector over the decade.

The July 2019 Gauteng State of the Province Address (SOPA) set the tone of the delivery agenda of the 6<sup>th</sup> Administration of the Gauteng Provincial Government (GPG), highlighting the following interventions related to the priority on economy, jobs and infrastructure:

- 1) More jobs can be created by small and medium-sized businesses if they get appropriate support from the whole of government.
- 2) Important lessons have been learnt from supporting township business through infrastructure development and access to markets through government procurement worth over R20 billion.
- 3) Forms of support to be intensified:
  - a) Target and enforce procurement from businesses in townships to the value of 30% of GPG's procurement budget;
  - b) Ensure all SMMEs and township businesses contracting with the GPG are paid within 15 days to boost their sustainability (e-invoicing platform);
  - c) Continue to invest in infrastructure that supports clusters of township businesses to expand, access markets and prosper - includes rejuvenating township industrial parks, agri-hubs and local produce markets;

- d) Give township enterprises, SMMEs and co-operatives the opportunity to maintain and repair government facilities, equipment, furniture and infrastructure. Such SMMEs will employ and train young people in technical trades;
  - e) **Reposition the Gauteng Enterprise Propeller to provide funding and business development support for the growth and sustainability of SMMEs and cooperatives;**
  - f) Set up a joint Township Economy Development Fund with the private sector - in line with announcement by President Ramaphosa of establishment of Township Entrepreneurial Fund;
  - g) Provincial government to champion a new by-law model for a more developmental approach to regulation of township businesses - calling on support for the promulgation of the new Gauteng Township Economy Development Act, which will make it easier, affordable and quicker to register, open and operate a business in a township.
- 4) Inter-departmental and agency collaboration is required through off-take agreements with government departments and private sector:
- a) Facilitate the creation of 100 000 jobs in the construction sector;
  - b) Empower 50 emerging black firms as contractors and sub-contractors, including women and youth-owned businesses;
  - c) Revitalise regional economies, decaying CBDs, old towns and old townships;
  - d) Support the township economy and SMMEs in general;
  - e) Crowd-in private sector investment;
  - f) The Welfare-to-Work Programme will be up-scaled from 30 000 to 100 000 young women, who will be empowered with skills that will enable them to graduate from social grants to work for themselves;
  - g) Position Gauteng as the 'Hub of Africa's Creative and Cultural Industries'. Gauteng Creative Industry Indaba in April 2019 developed comprehensive proposals on how to strengthen this important sector and unlock its dynamic potential role in job creation, social cohesion and nation-building;
  - h) Sports is big business and it has a huge impact on many sectors of our economy, including tourism and hospitality, manufacturing and the digital economy.

The Gauteng 6<sup>th</sup> Administration:

**"Growing Gauteng Together: Our Roadmap to 2030" (GGT2030)**. GGT2030 reflects how the Gauteng City Region seeks to address the fundamental problems of inclusive growth and employment; poverty and hunger; education and healthcare; social justice and social cohesion; safety and security; gender equality and youth empowerment, urbanisation and migration; climate justice and the impact of the 4<sup>th</sup> Industrial Revolution.

**“Our number one goal is to create jobs”** and the Province is ready to establish social compacts with each of the following ten high-growth sectors:

- 1) Energy, with a focus on new technologies and a diverse energy mix;
- 2) Transportation and logistics;
- 3) ICT, media and digital services – the digital economy;
- 4) Tourism and hospitality;
- 5) Agri-food and agribusiness, focusing on value chains;
- 6) Construction and infrastructure;
- 7) Automotive, aerospace and defence;
- 8) Financial services;
- 9) Cultural and creative industries; and
- 10) Industrialisation of cannabis.

In the 2021 State of the Gauteng Province Address, the Premier, Honourable David Makhura announced the development of the single Multi-tier Spatial Economic Zones (SEZs) as the primary anchor of the province's industrial agenda. The Gauteng province intends to have one SEZ per district or metro, specialising in district sectors and industries in each corridor. The Tshwane Automotive Special Economic Zone (TASEZ) provide non-financial and financial support to 262 SMMEs, Grades 1-7. These initiatives have a potential to increase and unlock opportunities for small businesses. The approach to the development of each SEZ per district or metro has a potential to stimulate local economic development. According to the Bureau for Economic Research (BER) in the year up to the third quarter of 2020, the number of SMMEs in South Africa declined by 11% year on year, from 2.65 million in 2019Q3 to 2.36 million in 2020Q3. Of this contraction, 232 000 occurred in 2020Q2. A further 58 000 SMMEs closed for business in Q3 despite the general economic rebound during the third quarter. Of all jobs lost in the economy, 90% were lost in the SMME sector.

The onset of the COVID-19 pandemic had a diverse impact on the SMMEs operating in the various provinces. Nearly half the SMMEs lost in Limpopo and Gauteng were in the trade & accommodation sector. The gains in the Eastern Cape were mostly in the agricultural and construction sectors. The Western Cape lost a significant number of SMMEs in manufacturing but gained just as many in finance and business services. However, the distinctive profiles of the provinces remain; the Western Cape and Gauteng have larger financial & business services sectors while the Northern Cape has a relatively large agricultural sector.

## SMMEs by Industry and Province 2021 Q1

| Sector                    | Western Cape   | Eastern Cape   | Northern Cape | Free State    | Kwazulu Natal  | North West     | Gauteng        | Mpumalanga     | Limpopo        | Total            |
|---------------------------|----------------|----------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Agriculture               | 12938          | 11482          | 5 566         | 8 368         | 5 695          | 2 928          | 10 355         | 13 673         | 18 212         | 89 216           |
| Mining                    | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0              | 0              | 0                |
| Manufacturing             | 21 320         | 9 393          | 2 253         | 10 258        | 34 439         | 14 577         | 59788          | 10 837         | 23 877         | 186 733          |
| Elec, gas and water       | 0              | 0              | 0             | 0             | 652            | 0              | 4 668          | 0              | 0              | 5 321            |
| Construction              | 37 704         | 47 453         | 0             | 12 230        | 54 185         | 17 923         | 109 440        | 27 084         | 36 576         | 342 595          |
| Trade and accom           | 75 525         | 94 607         | 4 997         | 41 904        | 185 794        | 46 249         | 260 363        | 86 373         | 78 441         | 874 253          |
| Transport                 | 9 447          | 21 749         | 580           | 3 282         | 20 630         | 5 230          | 58 970         | 7 633          | 19 568         | 147 179          |
| Fin and business services | 60 055         | 14 786         | 608           | 7 458         | 34 178         | 5 842          | 161 257        | 18 564         | 16 707         | 319 454          |
| Community                 | 59 989         | 26 633         | 6 302         | 14 405        | 44 190         | 19 228         | 115 922        | 32 842         | 24 879         | 344 390          |
| Private households        | 1 743          | 6 264          | 0             | 0             | 1 979          | 0              | 5 273          | 802            | 0              | 16 061           |
| <b>Total</b>              | <b>278 271</b> | <b>232 367</b> | <b>20306</b>  | <b>97 905</b> | <b>381 742</b> | <b>111 976</b> | <b>786 027</b> | <b>197 809</b> | <b>218 351</b> | <b>2 325 203</b> |

Sources: QLFS of Stats SA/SEDA 2021 Q1

From a financial perspective, the SME sector has recovered fully from the damage incurred owing to the COVID-19 pandemic and subsequent lockdown measures. By the first quarter of 2021, turnover and income had increased by 9% compared to pre-pandemic levels (exceeding consumer inflation of 3.1% over the same period). This occurred while expenses were kept under control, escalating by only 4.5%. Consequently, profit levels more than doubled (up 157%) over the same period and firms could pay workers more while raising investment by 31%.

The macro-economic outlook for 2021 has improved, with firm evidence that the world economy is on the recovery road, as well as the SA economy, following the deep contractions during 2020. However, the level of uncertainty did not change. The global economic outlook is characterised by divergence and high financial risk and the domestic outlook is clouded owing to socio-political unease and a slow vaccination programme. These factors all have the potential to cause disruptions, making for a 'patchy' general economic recovery in the words of the IMF. The frequency and intensity of climatic disasters is another ominous element in the economic outlook matrix. The overriding implication for SMMEs is that the strategic focus will need to be to remain in business over the short term. Firms need to adapt to coexist with the imperatives of recurrent variants of the COVID-19 virus and the associated waves of sickness until such time that herd immunity has been reached at the global level. Per the latest information, this may only be achieved towards the end of 2022. As uncertainty continues to cloud the outlook, defensive strategies are the name of the game. Customer service is paramount as is the identification of considered new (and niche) growth opportunities. The financing environment will remain supportive even though exchange rate volatility may cause problems.

## 2.2. GGT2030 – IMPLEMENTATION OF THE GCR VISION ALONG FIVE DEVELOPMENT CORRIDORS

GGT2030<sup>1</sup> defines the Vision of the Gauteng City Region (GCR) as:

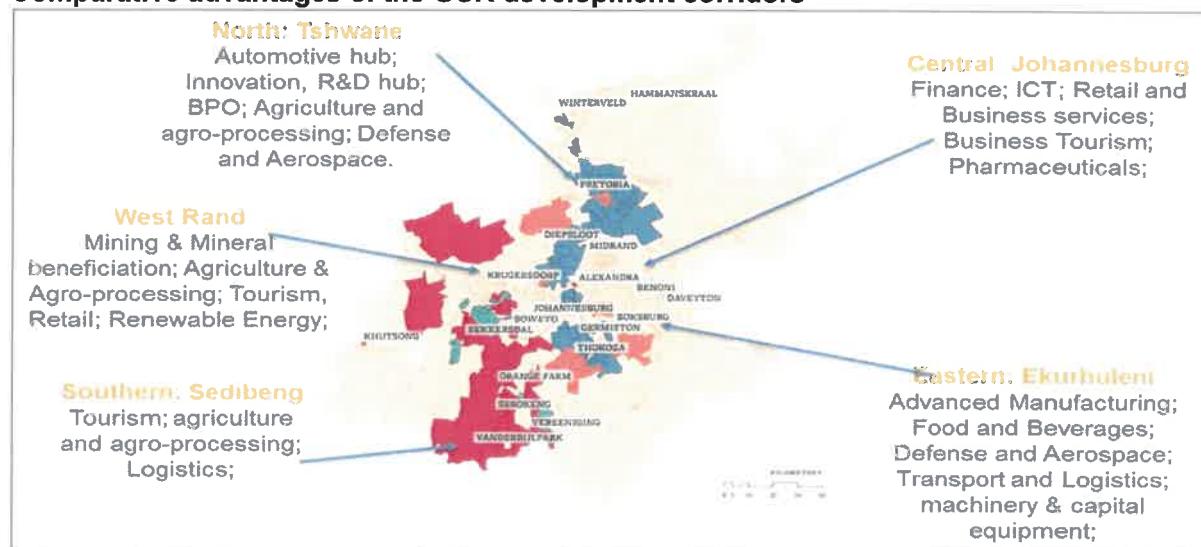
*A smart, seamlessly integrated, socially cohesive, economically inclusive City Region at the cutting edge of new Africa's industrialisation:*

- *with an innovation-driven, knowledge-based economy and sustainable industries – Africa's hub of the fourth industrial revolution and especially artificial intelligence;*
- *an accountable, responsive, transparent and clean government and an active citizenry.*

Through strategic public and private sector investment in five development corridors, Gauteng is building a globally competitive GCR, which is a multi-tier and mega Special Economic Zone. It is a catalyst for industrialisation of neighbouring provinces – Limpopo, North West, Mpumalanga and Free State through joint inter-provincial planning, investments initiatives and infrastructure delivery.

This Vision of the “Gauteng we want by 2030” will be implemented along five development corridors that have distinct industries and different comparative advantages:

### Comparative advantages of the GCR development corridors



There is significant investment planned within each of these corridors, estimated at R89.9 billion, comprising a total of more than 8 000 economic and social infrastructure projects. Driven by

<sup>1</sup> Growing Gauteng Together 2030, Final Draft

integrated planning characterised by collaborations and leveraging, GEP's role is to tap into the investment opportunities and provide the necessary financial and development support to small enterprises to be able to access the opportunities provided by the developments of each corridor. The role of GEP becomes critical in increasing its footprints and be responsive in leveraging on the existing and new opportunities created within the GCR. The comparative advantages of each corridor, and targeted developments, provides direction to GEP in terms of the sectors to focus on, considering repositioning and remodelling of GEP to play a significant role in industrial development within the Province.

The plans for each corridor are summarised in the table below:<sup>2</sup>

### **Development corridor plans and priority developments**

**Northern Corridor (Tshwane)** Consolidate Tshwane's Position as The Capital of the Republic and the Hub of The Automotive Industry Manufacturing, Innovation, R&D, Aerospace And Defence Industries.

Together with the private sector, government is unlocking more than R60 billion investment in key areas over the next decade. These include:

- ➔ The Automotive SEZ;
- ➔ Rosslyn Auto City;
- ➔ Menlyn Maine development;
- ➔ High-tech SEZ;
- ➔ Construction SEZ;
- ➔ Consolidate and regenerate existing areas (CBD, Centurion and Silverton);
- ➔ Infrastructure investment to revitalise townships and create economic opportunities; and
- ➔ Expansion of the Innovation Hub, contribute towards the vision of building an innovation ecosystem in Gauteng.

### **Central Corridor (Johannesburg)**

Consolidate Johannesburg's Position as Africa's Financial and Technological Nerve Centre; and Pre-eminent Hub for Innovation, Research And Development

<sup>2</sup> Growing Gauteng Together 2030, Final Draft

- ❖ The pipeline of concrete projects includes major investments in Rosebank, Sandton, Midrand and Fourways;
- ❖ The revitalisation of the Joburg inner-city;
- ❖ The mega projects in the south from Soweto to Orange Farm; and
- ❖ Revitalisation of townships

Together with the private sector, more than R200 billion of private investments in Johannesburg is being unlocked.

#### Western Corridor (Westrand)

Diversification of the West Rand economy anchored on mining to include tourism, agri-business and agro-processing

There is a focus on investing in the creation of new industries, new economic areas and new cities. The focus of the joint initiatives is around tourism, agriculture and agro-processing and renewable energy projects. This includes diversifying the West Rand economy away from reliance on mining to include bus manufacturing, agri-business and agro-processing, renewable energy and tourism. The pipeline of concrete projects includes:

- ❖ The expansion of Busmark bus manufacturing plant;
- ❖ The Lanseria Airport expansion and the new Lanseria City Development;
- ❖ The Agro-processing Mega Park and Logistics Hub on the N12 highway, and other private sector mega projects

These projects are adding over R25 billion worth of investment into the western corridor.

#### Southern Corridor (Sedibeng)

Revitalise the economy of Sedibeng, which has suffered significant de-industrialisation due to the collapse of the steel industry

Sedibeng's catalytic investment projects include:

- ❖ The Savannah City
- ❖ Vaal River City and the Vaal University Village precinct to include:
  - Cargo airport and logistics hub o
  - The Vaal Special Economic Zone
  - AB InBev investment project
  - Vaal Marina development and logistics and mining investments in Lesedi; and
  - The Gauteng Highlands projects

Working with national government, the private sector, SOEs and universities to direct infrastructure initiatives and human capital development interventions towards the same vision.

Collectively, these projects will unlock over R20 billion investment into the Vaal economy.

**Eastern Corridor (Ekurhuleni)** Build Ekurhuleni and OR Tambo International Airport Hub into Africa's largest Aerotropolis with advanced manufacturing and agro-processing capabilities, as well as globally competitive logistics capacity

Ekurhuleni's catalytic investment projects include:

- ♦ Tambo Springs Logistics Gateway;
- ♦ The PRASA-Gibela rail manufacturing hub in Nigel;
- ♦ The expansion of the Airport by Airports Company SA;
- ♦ Industrial Development Zone for jewellery manufacturing;
- ♦ Agro-processing and fuel-cell technology development;
- ♦ The development and investment in the fuel-cell technology;
- ♦ OR Tambo University of Science and Innovation; and
- ♦ Other major private sector developments taking place along R21 highway.

These projects will unlock over R200 billion worth of investment.

### **2.3. GEP LINE OF SIGHT TO NATIONAL AND PROVINCIAL MEDIUM-TERM PRIORITIES**

The table below reflects GEP's **primary** line of sight to the National Development Plan, Vision 2030; MTSF 2019-2024; GGT2030; and Gauteng Economic Cluster Priorities:

| NDP, Vision 2030   | MTSF 2019-2024 | GGT2030 | Gauteng Economic Cluster Priorities   | GEP Response (Provincial Plan Commitments)   |
|--|----------------|---------|---|--|
| <b>Chapter 3:</b><br>Economy and employment<br><b>Priority 2: Economic transformation and job creation:</b> <ul style="list-style-type: none"> <li>Priority 1: Economy, jobs and infrastructure</li> </ul> |                |         | <p>The clarion call is to support enterprises, including black industrialists, and to save and create decent jobs in the core industries of manufacturing, agro-processing, mining and beneficiation, and tourism.</p> <p>Specify, to:</p> <ul style="list-style-type: none"> <li>Ensure DFIs pay more attention to employment creation, empowerment industrial diversification and development, small businesses and co-operatives.</li> <li>30% of Gauteng spend to be ringfenced for township enterprises.</li> <li>Targeted financial support to township – based enterprises; aimed at improving their liquidity and sustainability.</li> <li>Localisation and product accreditation support to enhance formalisation, competitiveness and market readiness of township enterprises.</li> <li>Commit to upstream value capture in big-ticket spending areas of roads, housing and health.</li> </ul> | <p>1) Remodelling of GEP to facilitate growth and sustainability of emerging black industrial enterprises (in high growth sectors)</p> <p>2) Investment attraction and access to funding through partnerships and an integrated DFI referral system.</p> <p>3) Provide support to enterprises through Resource mobilisation.</p> <p>4) Provide opportunities for small enterprises to access government procurement opportunities through off-take agreements.</p> <p>5) Provide business development support to township-based small enterprises in key sectors, including:</p> <ul style="list-style-type: none"> <li>Construction and manufacturing;</li> <li>Clothing and textile, leather and footwear;</li> <li>Wholesale and retail sector.</li> </ul> <p>6) Business development support provided to township enterprises across all regions, at a spatial level, including the depressed regions.</p> |

|  |  |  |  |
|--|--|--|--|
| <b>Impact Statements:</b> <ul style="list-style-type: none"> <li>+ Unemployment reduced to 20% - 24% with 2 million new jobs, especially for youth;</li> <li>+ Economic growth of 2%-3%; and</li> <li>+ Growth in levels of investment to 23% of GDP.</li> </ul> | <p><b>Applicable Outcomes and Interventions:</b></p> <ol style="list-style-type: none"> <li>1) More decent jobs created and sustained, with youth, women and persons with disabilities prioritised:           <ul style="list-style-type: none"> <li>+ Create jobs through Job Summit commitments, Operation Phakisa and other public sector employment programmes.</li> </ul> </li> <li>2) Investing for accelerated inclusive growth:           <ul style="list-style-type: none"> <li>+ Improve the ease of doing business.</li> </ul> </li> <li>3) Industrialisation, localisation and exports:           <ul style="list-style-type: none"> <li>+ Support localisation and industrialisation through government procurement (on designated products and services),</li> </ul> </li> <li>4) Reduce concentration, and monopolies and expanded small business sector:           <ul style="list-style-type: none"> <li>+ Facilitate the increase in number of functional small</li> </ul> </li> </ol> | <p><b>Outcome:</b> A growing, labour-absorbing, inclusive, innovative, sustainable and globally competitive economy. <b>Focus:</b> 10 x high growth sectors.</p> <ol style="list-style-type: none"> <li>1) <b>Create decent employment through inclusive growth:</b> <ul style="list-style-type: none"> <li>+ Increase investment in the economic development of townships, deteriorating areas and peri-urban areas;</li> <li>+ Adopt measures to improve youth employment levels, including working with the Youth Employment Service (YES) and initiatives through Tshepo 1Million;</li> <li>+ Offer support for women-led SMMEs and entrepreneurs and setting aside 40% of our procurement for women;</li> <li>+ Promote labour-absorbing industries e.g. the food economy; tourism; social economy/co-production; community works and care economy;</li> <li>+ Promote investment in new growth path sectors of the future: Green Economy, Knowledge Economy and Creative Industries;</li> <li>+ Establish agri-parks and processing facilities to support the agricultural value chain;</li> </ul> </li> </ol> | <p>Therefore, to re-model and reposition the GEP to play a greater role as a vehicle to deliver financial and development support to emerging enterprises</p> <ul style="list-style-type: none"> <li>+ Also, collaboration in other sectors such as agriculture and agro-processing, climate and green economy, internet access and 4IR, tourism and informal economy.</li> <li>+ Multi-tier SEZ interventions – depressed regions and key SEZ sectors, e.g. automotive.</li> <li>+ Reduced concentration of monopolies in key sectors of the economy – industrialisation, access to markets.</li> <li>+ Implement the youth accelerator programme across the five regions.</li> <li>+ Prioritise the provision of support to women-owned and persons with disabilities' enterprises.</li> <li>+ Implement procurement set-asides in line with MTSF targets – 40% women and 30% youth-owned businesses.</li> </ul> <ol style="list-style-type: none"> <li>2) <b>Create an efficient, competitive and responsive economic infrastructure network:</b> </li> </ol> |
|  |  | <ul style="list-style-type: none"> <li>+ Financial support provided for small enterprises in the prioritised sectors, including manufacturing and agro-processing.</li> <li>+ Support provided to informal businesses to formalise.</li> <li>+ Support co-operatives to be investment ready.</li> <li>+ Implement the youth accelerator programme across the five regions.</li> <li>+ Prioritise the provision of support to women-owned and persons with disabilities' enterprises.</li> <li>+ Implement procurement set-asides in line with MTSF targets – 40% women and 30% youth-owned businesses.</li> </ul>  | <ol style="list-style-type: none"> <li>7) Financial support provided for small enterprises in the prioritised sectors, including manufacturing and agro-processing.</li> <li>8) Multi-tier SEZ interventions – depressed regions and key SEZ sectors, e.g. automotive.</li> <li>9) Support co-operatives to be investment ready.</li> <li>10) Implement the youth accelerator programme across the five regions.</li> <li>11) Prioritise the provision of support to women-owned and persons with disabilities' enterprises.</li> <li>12) Implement procurement set-asides in line with MTSF targets – 40% women and 30% youth-owned businesses.</li> </ol>  |

- |  |  |
|--|--|
| <p><b>businesses with a focus on township economies and rural development (200 000 supported);</b></p> <ul style="list-style-type: none"> <li>★ Strengthen development finance towards SMME development (50% of DFI financing to SMMEs);</li> <li>★ SMME development through incubation centres and digital hubs (270 established);</li> <li>★ Ensure inclusion of SMMEs in localisation and buy local campaigns;</li> <li>★ Explore the introduction of measures (such as tax breaks) for the first two years to support the establishment of new, small youth-owned start-ups (100,000 start-up youth business per annum - Job Summit Agreement).</li> </ul> <p><b>5) Quality and quantum of investment to support growth and job creation improved:</b></p> <ul style="list-style-type: none"> <li>★ Improve the quality and rate of infrastructure investment (R5 billion Infrastructure Fund).</li> </ul> <p><b>6) Increased economic participation, ownership, access to resources, opportunities and wage equality for women, youth and persons with disabilities:</b></p> <ul style="list-style-type: none"> <li>★ <b>Minimum 40% target for Women, 30% for Youth and 7% for Persons with Disabilities.</b></li> </ul> | <ul style="list-style-type: none"> <li>★ Invest in SEZ to grow an inclusive economy, supportive of high-growth sectors, namely, agro-processing, creative and cultural, high-tech sectors / knowledge / digital / gaming;</li> <li>★ Introduction of corridor-focused economic development to address Gauteng's regional economic inequalities and promote balanced development;</li> <li>★ Support local manufacturing by mandating the State to purchase 75% of goods and services from local producers, especially women and youth-led producers;</li> <li>★ Secure industrial financing for productive economic sectors, e.g. manufacturing competitiveness enhancement programme;</li> <li>★ Implement a cumulative incubation programme to provide skills and jobs in various sectors including furniture, artisans, chemical, pharmaceuticals, and mining.</li> </ul> <p><b>3) Rigorously support the expansion and sustainability of SMMEs:</b></p> <ul style="list-style-type: none"> <li>★ Launch the SMME fund to support the TER action plan;</li> <li>★ Address the domination of agriculture inputs by big business and the monopoly domination of agro-processing and food retail;</li> <li>★ Ensure that all SMMEs and township businesses contracting with the government are paid within 15 days;</li> </ul> |
|--|--|

Empower a significant number of emerging black firms as contractors and subcontractors, including women and youth-owned.

- 4) **Continue driving inclusive economic growth and meaningful economic opportunities for all, with specific focus on:**
  - SMMEs, co-operatives, township businesses, black-owned enterprises; and
  - Target groups (youth, women and persons with disabilities) – supported by incubation programmes, improved access to funding and grants, access to market initiatives.
- 5) **Deliver on the priority actions related to agriculture, agro-processing and associated infrastructure:**
  - ➔ Continued support for farmers across the various agricultural value chains.
- 6) **Developing the informal economy through inclusive growth.**

| Chapter 13:<br>Building a<br>capable and<br>developmental<br>State | MTSF Priority 1: A capable, ethical and<br>developmental State:<br><br><b>Impact Statements:</b> <ul style="list-style-type: none"><li>+ Public value and trust;</li><li>+ Active citizenry and partnerships in society.</li></ul> <b>Applicable Outcomes and Interventions:</b> <ul style="list-style-type: none"><li>1) Improved governance and accountability:<ul style="list-style-type: none"><li>• Strengthen the governance system of state-owned entities.</li></ul></li><li>2) Functional, efficient and integrated government:<ul style="list-style-type: none"><li>- Enhance productivity and functionality of public sector institutions in supporting peoplecentred service delivery;</li><li>- Improve financial management capability in the public sector;</li><li>- Measures taken to reduce wasteful and fruitless expenditure, and irregular expenditure in the public sector.</li></ul></li><li>3) Professional, meritocratic and ethical public administration:<ul style="list-style-type: none"><li>- Programme for building a professional public administration.</li></ul></li><li>4) Mainstreaming of gender, youth and disability, empowerment and development institutionalised:<ul style="list-style-type: none"><li>- Implementation of Gender, Youth and Disability responsive planning, budgeting, interventions, policies.</li></ul></li></ul> | Priority 5: Building a capable, ethical and developmental State<br><br><b>Strategic Intent:</b> Ensuring an accessible, responsive, ethical State that delivers.<br><b>Primary Focus Areas:</b> <ul style="list-style-type: none"><li>1) Building efficient, smart systems, processes, and points of access that provide seamlessly integrated services across the Province – with government functioning as one;</li><li>2) Prioritising a professional, performance-driven public sector for all of Gauteng;</li><li>3) Eliminating corruption;</li><li>4) Improving oversight and accountability to optimise government delivery;</li><li>5) Driving meaningful two-way engagement with communities, as the basis for good governance.</li></ul> | As per MTSF and GG72030 | Sound governance, stakeholder oriented and high-performing organisation, including: <ul style="list-style-type: none"><li>1) Reconfiguration and recapitalisation of GEP.</li><li>2) Strategically aligned organisational structure – capacitated to implement strategy.</li><li>3) Achieving and maintaining a clean audit outcome.</li><li>4) Ensuring the financial sustainability of GEP.</li><li>5) Improving customer satisfaction levels.</li><li>6) Improving service delivery turnaround times.</li><li>7) Improved systems and processes, based on 4IR / new technologies.</li><li>8) Stringent consequence management.</li><li>9) Employee performance management development.</li><li>10) Develop alternative funding and partnership models.</li></ul> |
|--|--|---|-------------------------|---|
|--|--|---|-------------------------|---|

## 2.4. GEP FLAGSHIP PROGRAMMES / PROJECTS

GEP's programmatic response to the above priorities will be through a number of flagship programmes and ring-fenced projects, with ring-fenced budgets as follows:

|   | 2020/21<br>R'000 | 2021/22<br>R'000 | 2022/23<br>R'000 |
|---|------------------|------------------|------------------|
| <b>BASELINE ALLOCATION</b>                              | <b>231 351</b>   | <b>246 838</b>   | <b>246 838</b>   |
| <b>RING-FENCED PROJECTS</b>                             | <b>70 068</b>    | <b>73 925</b>    | <b>73 925</b>    |
| Township Enterprise Revitalisation (TER)                | 47 462           | 50 072           | 50 072           |
| Youth PMO   | 20 000           | 21 100           | 21 100           |
| Brick Making  | -                | -                | -                |
| Spaza Shop  | --               | -                | -                |
| Pitching Booster  | -                | -                | -                |
| Clothing and Textile Hub                                | -                | -                | -                |
| Wholesale and Retail                                    | -                | -                | -                |
| Furniture   | -                | -                | -                |
| Project Evaluation (M&E Requirements)                   | 2 606            | 2 753            | 2 753            |
| Budget reduced to cater for Life Esidimeni Compensation | -                | -                | -                |
| <b>Discretionary Allocation</b>                         | <b>161 283</b>   | <b>172 913</b>   | <b>172 913</b>   |

## 2.5. GAUTENG ENTREPRENEURSHIP MODEL INFORMING THE GAUTENG ENTERPRISE PROPELLER STRATEGY FOCUS FOR 2020/21-2024/25

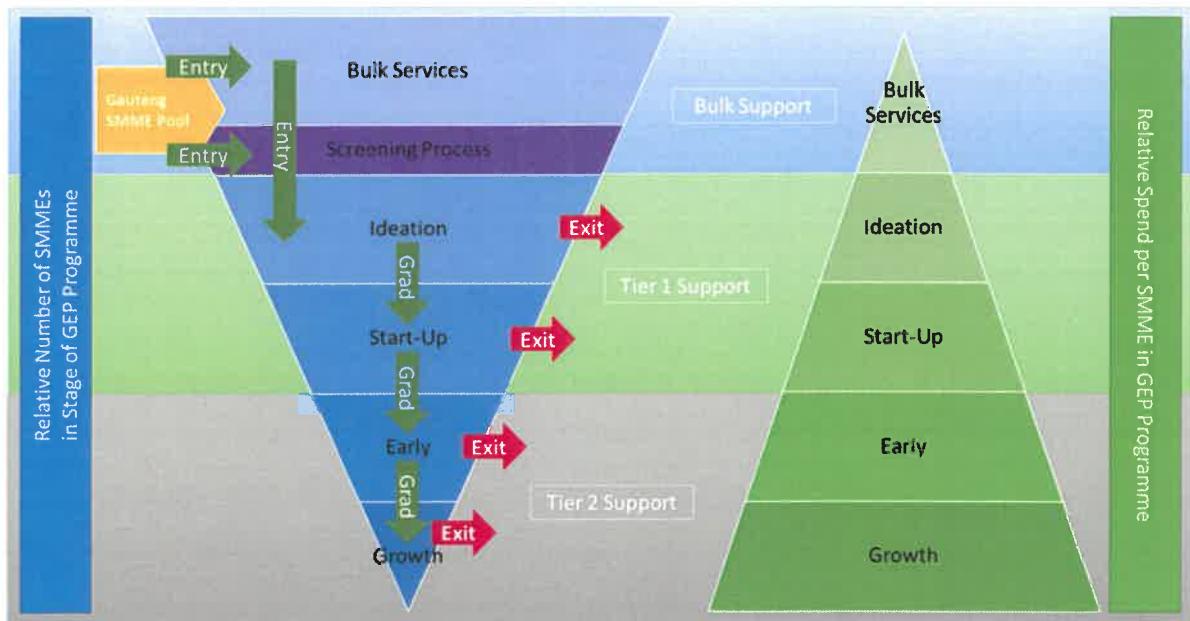
GEM approach assist in striking a balance between the well-to-do businesses and those that are still emerging and need further jump-starting. The model address the challenges of small

enterprises and co-operatives that are highly informal through the provision of compliance support, such as accreditation, product refinement, development of business plans and increased participation in the mainstream economy.

For the Gauteng Province, the model proposes that the programme outcomes should comprise a mixture of both large-scale broad impact, as well as narrow, high-growth potential impact. It is necessary to position the support programme in two 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 selected 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.

#### Gauteng Entrepreneurship Model – structure of support functions



Gauteng Entrepreneurship Model, 2018

Drawing from the above figure, the model posits that the province play a holistic and coordination role in the development process for small enterprises in the Gauteng Province (aggregator), through the following support elements:

- 1) **Bulk support elements:** In recognition of the large number of potential entrepreneurs and SMMEs 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.

- a) 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;
  - b) Participation of SMMEs in this stage of support is also not based on any entry criteria, but is open to any entrepreneurs that approach DFIs for funding.
- 2) **Tier 1 support elements:** This stage of the small enterprise development process is made up of ideation and start-up phase businesses. These stages are the start of the entrepreneurial journey for any small enterprise, and are based on the development of the concept and concept validation (ideation), to activation of the business (start-up).
- a) 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 SMMEs and co-operative meet the traditional funder requirements. Its main responsibility is to prepare SMMEs and co-operatives to graduate or transition to the higher level characterised by market readiness and access to financial resources (higher thresholds). The table below depicts the SMMEs 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.

#### Entrepreneurship growth path

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

Source, GEM, Gauteng Enterprise Propeller: 2018

Considering the above entrepreneurship pipeline, the Gauteng Province through GEM will focus on bringing the marginalised section of small enterprises 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, followed by a referral, monitoring and mentoring process for the growth, maturity and long haul phases.

### 3. UPDATES TO RELEVANT COURT RULINGS

There are no court ruling updates relating to GEP.

## PART B: OUR STRATEGIC FOCUS

Informed by the Gauteng Enterprise Propeller Act (No. 5 of 2005), other instructing legislation and policy, and under the strategic theme of GGT2030, the 6<sup>th</sup> Administration of the Gauteng Provincial Government (GPG) has mandated GEP to be positioned as the center or face of entrepreneurship, small enterprise development and industrial development in the Gauteng Province.

**Specifically, the GEP mandate is to:**

- Promote entrepreneurship, **mobilise** resources and facilitate an **integrated** approach to entrepreneurial development and support within the Province;
- Provide financial and business development **support** for the growth and sustainability of small enterprises;
- Facilitate investment in high-impact business enterprises that **transform** the structure and competitiveness of industrial sectors in the Province.

The mandate is carried out to ensure the sustainability, growth and competitiveness of small enterprises as meaningful contributors to the overarching impact of the Gauteng Department of Economic Development, which is, "**An inclusive and sustainable economic growth that stimulates jobs within the Gauteng City Region**". The foundation of the mandate is a well-governed and high-performing organisation.

Aligned to this mandate understanding, the 2020/21–2024/25 Strategic Plan outlines the high-level strategic framework of GEP as follows:

### VISION

A responsive and impactful propeller for sustainable business enterprises in the Gauteng Province

## MISSION

In achieving its vision, the Gauteng Enterprise Propeller defines its mission as:

- Establishing a high performing professional, ethical and capable institution;
- Promoting entrepreneurship and facilitating an integrated approach to entrepreneurial development and support within the Province;
- Creating Strategic Partnerships with a range of institutions for sustainable small enterprises and Cooperative development and support;
- Developing innovative financial solutions, tools and channels to speedup increased market participation in the provision of affordable finance;
- Facilitating investment in high-impact business enterprises that transform the structure and competitiveness of industrial sectors.

The Mission is enabled by a well governed and high performing organisation.

## VALUES

In working towards the achievement of its vision and mission, the Gauteng Enterprise Propeller subscribes to the following internal values which are in line with the *Batho-Pele* principles:

| Value                     | Description - What it means in practice  |
|---------------------------|--|
| <b>Motivation</b>         | Passion for excellence in delivering quality services to Gauteng entrepreneurs.  |
| <b>Ownership</b>          | Accountability, honesty and integrity displayed by management and employees in all stakeholder interactions.                             |
| <b>Ubuntu</b>             | Compassion, respect and dignity to be central in collaborations with other institutions to make a meaningful impact in small businesses. |
| <b>Diversity</b>          | Recognising that it takes people from different backgrounds to make an organisation succeed.   |
| <b>Ethical Leadership</b> | Demonstrating ethical leadership consistently to ensure the organisation is managed according to the code of ethics and led effectively. |
| <b>Dependable</b>         | Customer centricity, responsiveness and striving to provide excellent client experiences.  |

The values require targeted management focus to ensure they are visible and "lived", and they are to be assessed as part of the performance management approach of the Gauteng Enterprise Propeller, under direction of the Board and the Chief Executive Officer.

| GEP'S OUTCOMES  |  |   |
|---|--|---|
| <b>Outcome 1:</b> Improved Balance Sheet to support small enterprises                                 | <b>Outcome 2:</b> Increased contribution of small enterprises in the Gauteng economy | <b>Outcome 3:</b> Sustainable enterprises that create and maintain jobs |
| <b>Outcome 4:</b> Sustainable Black-owned industrial enterprises participating in high growth sectors |  | <b>Outcome 5:</b> Well-governed and high-performing organisation        |

#### 4. UPDATED SITUATIONAL ANALYSIS

A comprehensive situational analysis, including a PESTEL and SWOT, have been conducted and the findings are presented in the Strategic Plan for 2020/21–2024/25, to which this Annual Performance Plan is aligned.

##### SWOT Analysis:

| STRENGTHS  | WEAKNESSES   |
|--|--|
| <ul style="list-style-type: none"> <li>• Governance structures in place;</li> <li>• Accessibility and co-location of entities;</li> <li>• Ability to provide financial and non-financial support</li> </ul>  | <ul style="list-style-type: none"> <li>• Negative entity's reputation</li> <li>• High Cost to Income Ratio</li> <li>• High % of Non-Performing Loans (NPL);</li> <li>• Inadequate Skills-Set</li> <li>• Inadequate ICT system</li> </ul>   |
| OPPORTUNITIES  | THREATS  |
| <ul style="list-style-type: none"> <li>• Create an enabling environment for small businesses to access opportunities in the province;</li> <li>• GEP positioned as a Resource Aggregator;</li> <li>• Partnerships and collaboration through SEZs, industrial parks, agri-parks etc;</li> </ul> | <ul style="list-style-type: none"> <li>• Non-compliance with the Offtake agreement framework;</li> <li>• PFMA inhibiting transformation programs e.g. set-asides</li> <li>• Environment not conducive to support small businesses (covid-19)</li> <li>• Discontinued cession posing a threat to recovery;</li> </ul> |

|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Creation of a strong pipeline of small businesses targeting public procurement ;</li> <li>• Strengthen intergovernmental relations</li> </ul> | <ul style="list-style-type: none"> <li>• Low debt collection due to depressed economy, poor due diligence</li> </ul> |
|--|--|

**PESTLE Analysis:**

| POLITICAL   | ECONOMIC  | SOCIAL   |
|---|---|--|
| <ul style="list-style-type: none"> <li>• Change of political leadership</li> <li>• New policy imperatives priorities</li> </ul>   | <ul style="list-style-type: none"> <li>• Poverty</li> <li>• Low economic growth</li> <li>• Proximity and concentration of National DFIs in the province;</li> <li>• Low investor confidence and credit ratings downgrade</li> </ul> | <ul style="list-style-type: none"> <li>• Population migration to Gauteng</li> <li>• Increase grant beneficiaries</li> <li>• Unemployment and income inequalities</li> <li>• Civil unrest/possible repeat of the July insurgency impacting SMMEs</li> </ul> |
| TECHNOLOGICAL   | ENVIRONMENTAL   | LEGAL  |
| <ul style="list-style-type: none"> <li>• Automation</li> <li>• Fourth industrial revolution/ Remote working</li> <li>• Digital platform for small businesses</li> </ul> | <ul style="list-style-type: none"> <li>• Covid-19</li> <li>• Climate Change</li> <li>• Air and water pollution</li> </ul>   | <ul style="list-style-type: none"> <li>• By-Laws</li> <li>• Copyright and patent laws</li> <li>• New Draft PFMA Bill</li> <li>• Township Economic Bill</li> <li>• Bill on National Credit Act</li> <li>• Protection of Personal Information Act</li> </ul> |

## 4.1. EXTERNAL ENVIRONMENT ANALYSIS

### 4.1.1. MACRO SOCIO-ECONOMIC ENVIRONMENT

#### Global Economic Developments

In its latest (January 2021) *World Economic Outlook Update* report, the International Monetary Fund (IMF) outlined factors it considers as key drivers and deterrents of growth in the coming two years (2021 – 2022). In light of the calamitous economic fallout and ongoing strain stemming from the effect of the COVID-19 pandemic on the global economy, most of the report is underpinned by a consideration of the likely impact of an efficient and effective global vaccine rollout effort as well as the re-thinking of country-level policy interventions to further support economic recovery and growth.

Since the October 2020 edition of the World Economic Outlook, global economies have registered stronger-than-projected economic activity and output with average growth being much stronger in the second half of 2020. Global investment levels also edged slightly higher, whilst industrial activity and global trade were notably higher mostly on the back of pent-up demand. This coupled with several approvals of vaccination plans across the global has raised hopes of speedy containment and end to the pandemic, despite the surge in infections in late-2020 across several European countries and the US.

As such, the IMF now projects the global economy to grow 5.5% in 2021 (0.3 percentage point higher) and 4.2% in 2022. In addition, an estimated 3.5% global economic contraction is expected in 2020 – 0.9 percentage point higher than the October 2020 projection supported by stronger-

| IMF WORLD ECONOMIC OUTLOOK PROJECTIONS (Y/Y % CHANGES) |               |                 |                 |
|--|---------------|-----------------|-----------------|
| Region   | 2020 Estimate | 2021 Projection | 2022 Projection |
| Global Economy   | -3.5          | 5.5 [0.3]       | 4.2 [0]         |
| Advanced Economies                                     | -4.9          | 4.3 [0.4]       | 3.1 [0.2]       |
| United States  | -3.4          | 5.1 [2.0]       | 2.5 [-0.4]      |
| Euro Area  | -7.2          | 4.2 [-1.0]      | 3.6 [0.5]       |
| United Kingdom   | -10.0         | 4.5 [-1.4]      | 5.0 [1.8]       |
| Emerging Market & Developing Economies                 | -2.4          | 6.3 [0.3]       | 5.0 [-0.1]      |
| China  | 2.3           | 8.1 [-0.1]      | 5.6 [-0.2]      |
| Russia   | -3.6          | 3.0 [0.2]       | 3.9 [1.6]       |
| India  | -8.0          | 11.5 [2.7]      | 6.8 [1.2]       |
| Brazil   | -4.5          | 3.6 [0.8]       | 2.6 [0.3]       |
| Sub-Saharan Africa                                     | -2.6          | 3.2 [0.1]       | 3.9 [-0.1]      |
| South Africa   | -7.5          | 2.8 [-0.2]      | 1.4 [-0.1]      |
| Nigeria  | -3.2          | 1.5 [-0.2]      | 2.5 [0]         |

Values in [ ] show difference from October 2020 WEO projections

Data source: IMF World Economic Outlook (January 2021)

than-anticipated recovery in the second half of 2020. Domestically, the South African economy is forecast to contract by 7.5% in 2020, before seeing a 2.8% and 1.4% economic recovery in 2021 and 2022. The recovery will likely be supported by supportive financial conditions, which the IMF believes will improve gradually for emerging market and developing economies such as South Africa (although the

domestic debt and fiscal position may dampen these prospects following last year's credit ratings downgrades). In addition, commodity prices are expected to edge higher in 2021 with oil prices forecast to increase by over 20% from the low base values observed in 2020. Non-oil commodity prices (which for South Africa, include key export products such as gold and platinum) are also expected to rebound strongly this year, with metals in particular driving this recovery.

Supported by the recovery in economic activity, the IMF expects global trade volumes to advance by about 8% in 2021, before slowing to 6% in 2022. The degree of recovery will vary across countries and will depend heavily on the severity of the health crisis, disruptions to economic activity and exposure to exogenous shocks. As such, great uncertainty surrounds the IMF's baseline projections with several upside and downside risks threatening their attainment. Specifically, the speedy and effective manufacture, distribution and efficacy of COVID-19 vaccines could ensure a sooner-than-expected end to the pandemic than assumed which could in turn promote increased economic activity and confidence and ultimately a much stronger recovery. However, should we see a resurgence in infections (including from new variants) before such vaccines are rolled out, the IMF predicts that this could dampen the growth outlook and even compromise vaccine up-take.

Whether economies will be able to balance these, and other emerging socio-economic and health risks will depend on the policies formulated and implemented to strengthen the recovery. The effectiveness of responsive policies implemented in 2020 will need to be closely analysed and even

extended should there be evidence supporting their continued need. The key objective of such policies should be to support economic recovery over the medium-term with an emphasis on building resilience and equitable growth. Central to these efforts will be sufficient resources for the health care sector specifically for the acquisition and roll-out of vaccines.

However, the IMF has also highlighted the need to maintain fiscal and monetary support whilst also keeping debt sustainability and inflation expectations within reasonable bounds. According to the IMF, as economies gradually begin to rebuild, policymakers will need to prioritise the key lessons from the crisis – some of which may be an intensification of pre-existing (structural, fiscal, productivity) challenges – and formulate coordinated responses to ensure policy effectiveness going forward.

Similar to the upward revision in global growth forecast by the IMF, the World Bank's January 2021 iteration of its *Global Economic Prospects* publication paints a slightly more positive economic picture compared to its June 2020 publication. According to the report, the World Bank expects global economic output to contract by 4.3% in 2020 (compared to -3.5% by the IMF), before expanding by 4.0% in 2021 (compared to 5.5% by the IMF) and then moderating to 3.8% in 2022 (compared to 4.2% by the IMF). The global recovery, which has been dampened by the recent resurgence of COVID-19 cases, is expected to improve over the forecast period as confidence, consumption, and trade gradually improve all of which will be supported by vaccination roll-outs.

**WORLD BANK GLOBAL ECONOMIC PROSPECTS PROJECTIONS (Y/Y % CHANGES)**

| Region                                 | 2020 Estimate | 2021 Projection | 2022 Projection |
|--|---------------|-----------------|-----------------|
| Global Economy                         | -4.3 [0.9]    | 4.0 [-0.2]      | 3.8             |
| Advanced Economies                     | -5.4 [1.6]    | 3.3 [-0.6]      | 3.5             |
| United States                          | -3.6 [2.5]    | 3.5 [-0.5]      | 3.3             |
| Euro Area                              | -7.4 [1.7]    | 3.6 [-0.9]      | 4.0             |
| Emerging Market & Developing Economies | -2.6 [-0.1]   | 5.0 [0.4]       | 4.2             |
| China                                  | 2.0 [1.0]     | 7.9 [1.0]       | 5.2             |
| Russia                                 | -4.0 [2.0]    | 2.6 [-0.1]      | 3.0             |
| India                                  | -9.6 [-6.4]   | 5.4 [2.3]       | 5.2             |
| Brazil                                 | -4.5 [3.5]    | 3.0 [0.8]       | 2.5             |
| Sub-Saharan Africa                     | -3.7 [-0.9]   | 2.7 [-0.4]      | 3.3             |
| South Africa                           | -7.8 [-0.7]   | 3.3 [0.4]       | 1.7             |
| Nigeria                                | -4.1 [-0.9]   | 1.1 [-0.6]      | 1.8             |

Values in [ ] show difference from June 2020 projections

Data source: World Bank Global Economic Prospects (January 2021)

Although the World Bank expects all regions to grow in 2021, the pace of recovery will vary considerably, with greater weakness likely to occur in countries that have more severe outbreaks or that are characterised by greater exposure to exogenous factors particularly through their tourism and industrial commodity exports. In addition, several countries are forecast to

lose a decade or more of per capita income gains due to the long-lasting (as long as a decade) adverse effects of the crisis. According to the World Bank, the impact of the pandemic on investment and human capital is expected to erode growth prospects in emerging market and developing economies.

The short-term outlook remains highly volatile following a subdued rebound in output towards the end of 2020 following a resurgence of infections. Meanwhile, aggregated GDP in emerging market and developing economies, including China, is expected to grow by 5.0% in 2020. China's economy is expected to grow by 7.9% in 2021 following growth of just 2% in 2020. In line with a similar concern raised by the IMF, the World Bank has argued that the pandemic has greatly exacerbated debt risks in emerging market and developing economies; weak growth prospects will likely further increase debt burdens and erode borrowers' ability to service debt.

Looking ahead, the Bank has advised that policymakers continue to sustain the recovery, gradually shifting from income support to growth-enhancing policies. Over the medium to long-term, emerging market and developing economies should prioritise policies aimed at improving health and education services, digital infrastructure, climate resilience, and business and governance practices all of which will assist in mitigating the economic fallout caused by the pandemic, reduce poverty and promote shared prosperity.

## Domestic Labour Market Developments: National

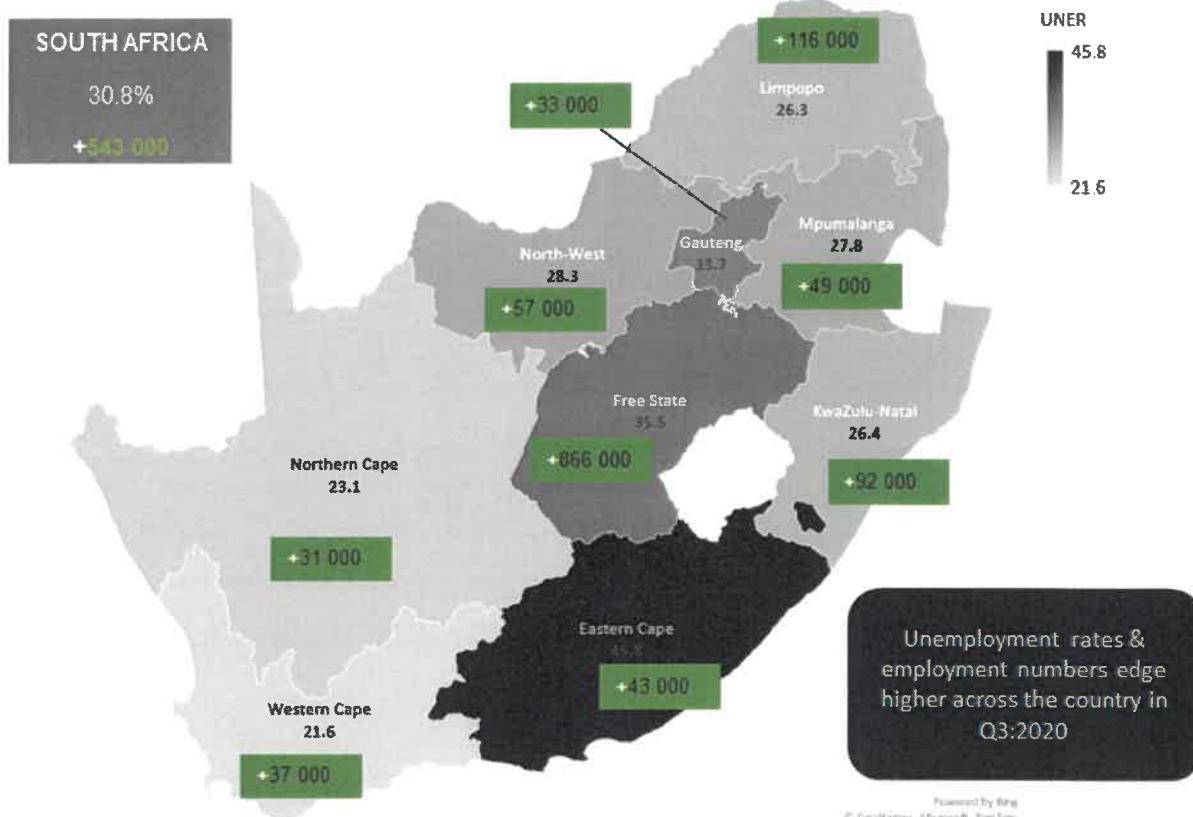
In view of the economic contraction in the first and second quarter of 2020, the economy bounced back in quarter three, and domestic economy recorded a broad-based improvement with the largest growth recorded in the primary industries (172.9%), followed by secondary (155.6%) and tertiary (37.6%) industries. The high spread between tertiary industries and other industries was expected because much of the industry's core activities were still unrestricted during the hard lockdown, supported by employees working remotely. As such, the easing of lockdown regulations allowed for a moderated spike in activity, most likely from businesses that had halted production during the hard lockdown. In line with expectations, manufacturing and mining activity demonstrated a significant turnaround, increasing by 210.2% and 288.3% respectively during the quarter. The uptick in mining and manufacturing activity was chiefly spurred by the rally in base and industrial metals caused by an upturn in global manufacturing activity and the rise in the demand for gold as a second wave of the virus loomed (Statistics, SA, 2020). This improvement can be attributed to the easing of hard-lockdown allowing more sectors and people to resume their jobs.

It is worth noting that as the economy gradually opened in the third quarter of 2020, the labour market attracted increased participation. As expected, employment recovered much slower and only increased by 543 000 to 14.69 million, last seen in the third quarter of 2013. The slow recovery suggests that only about a quarter (1 in 4) of the jobs lost in the previous quarter (2.2 million) were recovered (Statistics South Africa, 2020).

### Gauteng Economic context

Half of the individuals who had exited the labour force in the previous quarter in Gauteng returned to the labour market, pushing up the labour force by 715 000 to 6.8. million. However, employment only increased by 33 000 to 4.5 million. This could be attributed to more individuals returning to their jobs rather than new jobs being created. Gauteng unemployment rate is higher than national figures. Unemployment in the Gauteng province is 33.7% and unemployment increased by 7 percentage points.

## UNEMPLOYMENT RATES & CHANGE IN EMPLOYMENT NUMBERS (Q3:2020)



### 4.1.2. GAUTENG SOCIO-ECONOMIC ENVIRONMENT

**"As the engine of South Africa's economy, Gauteng needs to do much more to contribute to President Ramaphosa's initiatives on economic recovery, investment, industrialisation, youth employment and township economy. We must take a lead." Premier David Makhura (SOPA, July 2019)**

Gauteng is located in the central north-eastern interior of the country. Covering 18,178km<sup>2</sup>, the Province constitutes 1.4% of the total land area of South Africa, making it the smallest of South Africa's 9 provinces. Despite its size, Gauteng is home to 25% of South Africa's population, and generates just over a third of the country's gross domestic product, making it the nation's biggest provincial economy.<sup>3</sup> Over the past five years, the Gauteng economy attracted R199 billion of foreign direct investment, and created 469 000 new jobs.<sup>4</sup>

Gauteng's economic footprint extends beyond its borders into the neighbouring provinces of the Free State, Mpumalanga and North West. The cities and towns of Rustenburg, Potchefstroom, Sasolburg, Secunda, Witbank and Middleburg are functionally connected to the Province to form

<sup>3</sup> Statistics South Africa, 2019

<sup>4</sup> Gauteng SOPA, July 2019

a wider city region. Gauteng is the 26th largest city region in the world, and presents significant opportunities to drive growth for South Africa. Gauteng City Region economic assets rival other major international cities, with leading universities, a young and increasingly educated workforce, access to well-connected infrastructure networks and a democratic governance system. Fifteen 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)<sup>5</sup>.

By 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 34% to the economy.

#### 4.1.3. SMALL ENTERPRISES DEVELOPMENT LANDSCAPE

The NDP ascribes a critical role to small enterprises 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 a 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 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 SMMEs 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. SMMEs represent 98% of all businesses, but employ only 47% of the total workforce<sup>6</sup>.

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

#### 4.1.4. STATUS OF ENTREPRENEURSHIP IN GAUTENG

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Drawn from the approved Gauteng Entrepreneurship Model (GEM)<sup>7</sup>, this section describes the status of the entrepreneurial landscape in Gauteng with respect to the profile and needs of small enterprises in the Province. The insights have been developed by analysing the GEP database of support beneficiaries, complemented by an SMME Survey conducted among a sample of known SMMEs in the Province.

The data reveals the following:

- 1) Most participating SMMEs indicated that they were in operation for more than five years, yet support agencies report significant failure rates and poor sustainability of small businesses in South Africa and the Province. 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.
- 2) 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. These SMMEs do not appear to be truly sustainable and impactful, as is reflected in the limited job creation and income generation impact. They also often do not have the capacity to deliver (on time, to specified requirements, and in large quantities) on larger contracts.
- 3) 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. There is also limited business involvement in manufacturing, with many suppliers acting in wholesale capacity as middlemen to larger producers.

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.

In developing the GEM, the functioning and execution of support programmes aimed at entrepreneurship development were reviewed, from which the following findings were derived:

- 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 tend to:
  - 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

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<sup>7</sup> Gauteng Entrepreneurship Model Framework and implementation Plan, Final Draft, October 2018 (Data Analysis and Insights attributed to Urban-Econ)

businesses showing potential for growth. No graduation system or exit strategy is in place,

- c) Limited monitoring/evaluation and aftercare of businesses supported, 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.
- 3) There appears to be limited cooperation, networking and collaboration among government support agencies, as well as with other DFIs and the private sector, resulting in duplication, inefficiencies and such entities working in silos.
- 4) 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.

The above salient macro and sectoral environment trends and factors served to inform and provide context to the discussions on the GEP performance delivery environment and organisational environment reflected below.

## 4.2. INTERNAL ENVIRONMENT ANALYSIS

The GEP Board and management deliberated extensively on the internal/organisational environment which have bearing on the formulation of the 2020-2025 Strategic Plan and this 2022/23 Annual Performance Plan as is reflected in the sections below.

### Highlights of achievements include:

- 1) GEP Strategy revision to align to TER and TMR Strategies (2015/16);
- 2) TER Strategy implementation through the GEP Community Fund, CAP and Township Business Renewal programmes;
- 3) Youth Accelerator Programme (solid results - to be remodelled to align with broader socio-economic challenges);
- 4) Pitching Booster Programme (solid results - to be remodelled to align with broader socioeconomic challenges);
- 5) Co-operatives boot camps to enhance capacity of township co-operatives and improve investment readiness;

**Medium term priorities for the organisation, which respond to the reconfiguration of the Agency include the following:**

- 1) In line with GEM, GEP will invest in those small businesses with an entrepreneurial mind-set - those willing and able to put in the work and build equity in the business, including with own money (cradle to grave approach to ensure sustainability of supported enterprises);
- 2) GEP will embrace four elements - accountability in our value chain; transparency in all areas of our business; openness and institutional integrity. These are enablers for resources mobilisation;
- 3) Remodelling - development of business case for GEP to play with the industrial financing space. Development of an Industrial Financing Product to create and grow sustainable employment and stimulate economic growth in the Province;
- 4) Turnaround of GEP - resolve the burning issues around governance, policies, structure, debt collection, due diligence, etc.;
- 5) Review GEP product offerings in line with the provincial mandate and strategy;
- 6) Target high-impact projects with huge economic multipliers AND balance development with high-impact interventions, e.g. development of Industrial Finance Product, Project Finance and Innovation Fund (4IR related projects/initiatives);
- 7) Re-skilling and up-skilling of employees to meet the new challenges (becoming fit for purpose); and
- 8) Maintain organisational stability within GEP.
- 9) GEP as a Provincial Resource Aggregator;
- 10) GEP to focus on localisation to increase production output of small businesses;
- 11) Strong focus on Agglomeration economies (targeting industrial sector clusters);
- 12) Forge strong collaborations and leveraging on economic opportunities in all the Gauteng Economic Corridors

#### **GEP as a Resource Aggregator Towards Small Business Development**

The Gauteng Enterprise Propeller is in the process of strengthening its role as a Provincial Resource Aggregator. GEP will provide both Financial Support and Business Development Support to small enterprises in the multi-tier SEZ, the Industrial hubs, Agri-Parks and all provincial Apex Programmes.

In response to the National and Provincial Economic Reconstruction and Recovery Plans and in the aftermath of the recent economic unrests in Gauteng, GEP will continue to fund small enterprises affected by the 2021 economic unrests in Gauteng through the Gauteng Rebuilding Fund as part

of the Gauteng Provincial Government's economic response. The fund includes equal contributions by GEP and the Industrial Development Corporation (IDC).

### **GEP partnerships for collaboration**

| GGT IMPACT   | PARTNERSHIP                                      | DEPENDENCIES  | ANTICIPATED VALUE   |
|--------------|--|---|---|
| Construction | CIDB Supplier Development Programme              | CIDB  | 30 Construction small enterprises in the CIDB Supplier Development Programme provided with Business Development Support Interventions |
|              | Installations, Repairs and Maintenance Programme | Municipalities and Gauteng Department of Human Settlement | 150 Construction small enterprises provided with Business Development Support Interventions   |
|              | Business Development Support                     | Gauteng Industrial Development Zone                       | 100 Construction small enterprises provided with Business Development Support Interventions   |
| Tourism      | Business Development Support                     | Gauteng Tourism Authority (GTA)                           | 140 Tourism small enterprises provided with Business Development Support Interventions  |
| Tourism      | Business Development Support                     | Constitutional Hill                                       | 100 Tourism and creative industry small enterprises provided with Business Development Support Interventions                          |
| Automotive   | AIDC Supplier Development Programme              | Gauteng Growth and Development Agency                     | 30 Automotive small enterprises in the AIDC Supplier Development Programme provided with Business Development Support Interventions   |
| Agriculture  | Business Development Support                     | Gauteng Department of Agriculture                         | 50 commercial Farmers provided with Business Development Support Interventions  |
| Transport    | Grant Funding                                    | Gauteng Department of Roads and Transport                 | 20 informal businesses operating in Targeted Taxi Ranks provided with Grant funding   |

## PART C: MEASURING OUR PERFORMANCE

The GEP Impact and Outcomes reflected in the 2020-25 Strategic Plan are unpacked into the Annual Performance Plan for 2022/23, in the sections below:

### 5. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The GEP is constituted by the following programmes and aligned sub-programmes:

| Programme N°  | Programme Name                                  | Sub-Programmes  |
|---|---|---|
| Programme 1   | Administration                                  | <ul style="list-style-type: none"> <li>◆ Office of the Chief Executive Officer</li> <li>◆ Office of the Chief Financial Officer</li> <li>◆ Corporate Support and Administration</li> <li>◆ Risk and Audit</li> <li>◆ Strategy, Monitoring and Evaluation</li> </ul> |
| Programme 2   | Investment Management                           | <ul style="list-style-type: none"> <li>◆ Loan Management</li> </ul>   |
| Programme 3   | Enterprise Support                              | <ul style="list-style-type: none"> <li>◆ Business Development Support</li> <li>◆ Regional Operations</li> </ul>   |
| Programme 4<br><i>(New, dependent on GEP repositioning)</i> | Resources Mobilisation and Industrial Financing | <ul style="list-style-type: none"> <li>◆ Resources Mobilisation and Strategic Partnerships</li> </ul>   |

#### 5.1. PROGRAMME 1: ADMINISTRATION

##### 5.1.1. PROGRAMME PURPOSE

The purpose of Programme 1: Administration is to provide strategic leadership and transversal support services required by the GEP's core functional programmes and to ensure the successful implementation of the Entity's mandate through sustainable and integrated support and services.

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### 5.1.2. PROGRAMME OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

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In contributing towards the GEP's vision of:

**"a responsive and impactful propeller for sustainable business enterprises in the Gauteng Province"**

the Administration Programme delivers against the following Outcome reflected in the Strategic Plan:

Outcome 2: Increased contribution of small enterprises in the Gauteng economy

The 2022/23 performance plan of Programme 1 is reflected in the log frame tables below:

**Programme 1 - Administration: Outcomes, Outputs Indicators and Annual Targets:**

| GGT 2030 STATEMENT   | OUTCOME   | OUTPUTS  | OUTPUT INDICATORS  | AUDITED ACTUAL PERFORMANCE |         |         | ESTIMATED PERFORMANCE | MEDIUM-TERM TARGETS |         |         |         |
|--|---|--|--|----------------------------|---------|---------|-----------------------|---------------------|---------|---------|---------|
|  |   |  |  | 2018/19                    | 2019/20 | 2020/21 |                       | 2021/22             | 2022/23 | 2023/24 | 2024/25 |
| Enabling enterprise and supplier development to meet government demands, including through access to finance | 2. Increased contribution of small enterprises in the Gauteng economy | 2.1. GEP procurement set-asides to benefit target groups | 2.1.1. Percentage of procurement spend on small enterprises owned by women                     | -                          | -       | 40%     | 40%                   | 50%                 | 55%     | 55%     | 55%     |
|  |   |  | 2.1.2. Percentage of procurement spend on small enterprises owned by youth                     | -                          | -       | 30%     | 30%                   | 40%                 | 45%     | 45%     | 45%     |
|  |   |  | 2.1.3. Percentage of procurement spend on small enterprises owned by persons with disabilities | -                          | -       | 7%      | 7%                    | 7%                  | 7%      | 7%      | 7%      |

| GGT 2030 STATEMENT                     | OUTCOME  | OUTPUTS  | OUTPUT INDICATORS  | AUDITED ACTUAL PERFORMANCE |         |         |         | ESTIMATED PERFORMANCE         | MEDIUM-TERM TARGETS               |   |                             |
|--|--|--|--|----------------------------|---------|---------|---------|-------------------------------|-----------------------------------|---|-----------------------------|
|  |  |  |  | 2018/19                    | 2019/20 | 2020/21 | 2021/22 |                               | 2022/23                           | 2023/24                                 | 2024/25                     |
|  |  |  | 2.1.4 Percentage of valid procurement Invoices paid within 15 days | -                          | -       | 100%    | 100%    | 100%                          | 100%                              | 100%                                    | 100%                        |
| 5. Well-governed and high-organisation | 5.1 Unqualified Audit Opinion  | 5.1.1 Annual audit opinion                                     | -  | -                          | -       | -       | -       | Unqualified opinion 2021/2022 | Unqualified for opinion 2022/2023 | Audit Unqualified for Opinion 2023/2024 | Audit for Opinion 2023/2024 |
|  | 5.2 Progress Report on Implementation of the GEP Turnaround Strategy | 5.1.2 Percentage implementation of the GEP Turnaround Strategy | -  | -                          | -       | -       | -       | 50%                           | 100%                              | -                                       | -                           |

| GGT 2030 STATEMENT | OUTCOME | OUTPUTS | OUTPUT INDICATORS | AUDITED ACTUAL PERFORMANCE |         |         | ESTIMATED PERFORMANCE | MEDIUM-TERM TARGETS |
|--------------------|---------|---------|-------------------|----------------------------|---------|---------|-----------------------|---------------------|
|                    |         |         |                   | 2018/19                    | 2019/20 | 2020/21 |                       |                     |
|                    |         |         |                   |                            |         |         |                       |                     |

**Programme 1 - Administration: Indicators, Annual and Quarterly Targets:**

| OUTPUT INDICATORS  | RESPONSIBILITY | 2022/23 ANNUAL TARGET                   | QUARTERLY TARGETS |      |   |
|--|----------------|---|-------------------|------|---|
|  |                |   | 50%               | 50%  | 50%                                     |
| 2.1.1. Percentage of GEP procurement spent on small enterprises owned by women                 | Finance        | 50%                                     | 50%               | 50%  | 50%                                     |
| 2.1.2. Percentage of procurement spend on small enterprises owned by youth                     | Finance        | 40%                                     | 40%               | 40%  | 40%                                     |
| 2.1.3. Percentage of procurement spend on small enterprises owned by persons with disabilities | Finance        | 7%                                      | 7%                | 7%   | 7%                                      |
| 2.1.4. Percentage of valid procurement invoices paid within 15 days                            | Finance        | 100%                                    | 100%              | 100% | 100%                                    |
| 5.1.1 Annual audit opinion   | Risk and Audit | Unqualified Audit opinion for 2021/2022 | -                 | -    | Unqualified audit opinion for 2021/2022 |

|  |                   |     |   |   |     |     |
|--|-------------------|-----|---|---|-----|-----|
| 5.1.2 Percentage implementation of the GEP Turnaround Strategy | Office of the CEO | 50% | - | - | 30% | 50% |
|--|-------------------|-----|---|---|-----|-----|

### 5.1.3. PROGRAMME 1: EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

The Administration Programme aligns with the MTSF 2019-2024 and GGT2030 priorities of **building a capable, ethical and developmental State**. The Programme is vital to ensuring the GEP can meet the expectations of the 6<sup>th</sup> Provincial Administration for the Entity is to be positioned as Gauteng's DFI and centre for SMMEs development and growth in the Province. There are many elements to this mandate, including the need to reconfigure and capacitate the organisation to fulfil the role, to improve business processes and systems, to strengthen the governance framework and to ensure the GEP is adequately capitalised to support high-impact enterprise development programmes, including industrial sectors.

It is within this context that the main priority of the Administration Programme over the short to medium-term is to work closely with the Shareholder to finalise GEP reconfiguration and recapitalisation. The immediate priority of the Administration Programme is to enable the Agency to attain a clean audit outcome by meeting the three conditions of a clean audit, namely, unqualified audit opinion on the audit of financial statements, and zero findings on the audit of performance information and non-compliance with legislation. This will be pursued by ensuring the prior year external and internal audit action plans are implemented. A baseline stakeholder satisfaction rating will be determined by conducting a satisfaction survey by the end of the financial year.

Focus will also be given to ensuring the employment equity targets are achieved and that GEP implements the GGT2030 priority on procurements set-asides, particularly to ensure that women, youth and people with disabilities benefit from GEP procurement spend.

### 5.1.4. PROGRAMME 1 – ADMINISTRATION: RESOURCE CONSIDERATIONS

#### Expenditure Estimates:

| Programme 1:<br>Administration<br>(R'000) | Audited outcome |               |               | Adjusted<br>appropriation | Medium-term expenditure estimate |                |                |         |
|---|-----------------|---------------|---------------|---------------------------|----------------------------------|----------------|----------------|---------|
|   | 2018/19         | 2019/20       | 2020/21       |                           | 2021/22                          | 2022/23        | 2023/24        | 2024/25 |
| Administration                            | 86,710          | 86,716        | 99,295        | 105,942                   | 109,118                          | 109,118        | 109,118        |         |
| <b>Total payments and estimates</b>       | <b>86,710</b>   | <b>86,716</b> | <b>99,295</b> | <b>105,942</b>            | <b>109,118</b>                   | <b>109,118</b> | <b>109,118</b> |         |

**Expenditure Estimates:**

| Programme 1:<br>Administration<br>(R'000) | Audited outcome |               |               | Adjusted<br>appropriation | Medium-term expenditure estimate |                |                |
|---|-----------------|---------------|---------------|---------------------------|----------------------------------|----------------|----------------|
|   | 2018/19         | 2019/20       | 2020/21       |                           | 2021/22                          | 2022/23        | 2023/24        |
| <b>Economic classification</b>            |                 |               |               |                           |                                  |                |                |
| Office of the CEO                         | 15,009          | 15,909        | 18,312        | 19,537                    | 20,123                           | 20,123         | 20,123         |
| Office of the CFO                         | 9,784           | 10,371        | 18,890        | 20,155                    | 20,759                           | 20,759         | 20,759         |
| Corporate Support and Administration      | 23,419          | 24,319        | 22,470        | 23,974                    | 24,693                           | 24,693         | 24,693         |
| Goods and services                        | 38,498          | 36,117        | 39,623        | 42,276                    | 43,543                           | 43,543         | 43,543         |
| <b>Total payments and estimates</b>       | <b>86,710</b>   | <b>86,716</b> | <b>99,295</b> | <b>105,942</b>            | <b>109,118</b>                   | <b>109,118</b> | <b>109,118</b> |

**Expenditure Estimates by Economic Classification:**

| Programme 1:<br>Administration<br>(R'000) | Audited outcome |               |               | Adjusted<br>appropriation | Medium-term expenditure estimate |                |                |
|---|-----------------|---------------|---------------|---------------------------|----------------------------------|----------------|----------------|
|   | 2018/19         | 2019/20       | 2020/21       |                           | 2021/22                          | 2022/23        | 2023/24        |
| <b>Economic classification</b>            |                 |               |               |                           |                                  |                |                |
| Current payments                          | -               | -             | -             | -                         | -                                | -              | -              |
| Compensation of employees                 | 48,212          | 50,599        | 59,672        | 83,666                    | 83,666                           | 83,666         | 83,666         |
| Goods and services                        | 38,498          | 36,117        | 39,623        | 22,276                    | 22,276                           | 22,276         | 22,276         |
| <b>Total</b>                              | <b>86,710</b>   | <b>86,716</b> | <b>99,295</b> | <b>105,942</b>            | <b>109,118</b>                   | <b>109,118</b> | <b>109,118</b> |

**Resources' contribution to achieving the outputs:**

The budget allocation for Programme 1 remain R109m in 2022/23 Financial Year (FY). The budget will continue to contribute towards the ramping up of procurement expenditure.

For personnel, related expenditure, the allocated budget in the financial period will amount to R83 million for Programme 1. The allocation for Goods and Services is mostly for the leases and implementation of IT contracts including provision for the procurement of day-to-day operations of the organisation.

## 5.2. PROGRAMME 2: INVESTMENT MANAGEMENT

### 5.2.1. PROGRAMME PURPOSE

The purpose of Programme 2: Investment Management (IM), is to ensure the optimal deployment of available loan and grant funding to support the development, growth and sustainability of qualifying small enterprises. The Programme is tasked to manage the loan book effectively through the approval of loans, disbursement of approved loans and timeous loan recoveries.

### 5.2.2. PROGRAMME OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

In contributing towards the GEP's vision of:

**"a responsive and impactful propeller for sustainable business enterprises in the Gauteng Province"**

the Investment Management Programme delivers against the following Outcome reflected in the Strategic Plan:

Outcome 3: Sustainable enterprises that create and maintain jobs

Outcome 4: Sustainable Black-owned industrial enterprises participating in high growth sectors

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

| Sub-Programme   | Functions  |
|-----------------|--|
| Loan Management | Funding of all small enterprises, including cooperatives and informal businesses |

The 2022/23 performance plan of Programme 2 is reflected in the log frame tables below:

**Programme 2 – Investment Management: Outcomes, Outputs Indicators and Annual Targets:**

| GGI2030<br>STATEMENT  | OUTCOME  | OUTPUTS   | OUTPUT INDICATORS  | AUDITED ACTUAL PERFORMANCE |         |         | ESTIMATED PERFORMANCE |         | MEDIUM-TERM TARGETS |         |
|---|--|---|--|----------------------------|---------|---------|-----------------------|---------|---------------------|---------|
|   |  |   |  | 2018/19                    | 2019/20 | 2020/21 | 2021/22               | 2022/23 | 2023/24             | 2024/25 |
| Enable co-investments between state and private sector as well as wider investment facilitation in infrastructure | 3. Sustainable enterprises that create and maintain jobs | 3.1. Financially supported small enterprises creating jobs                                | 3.1.1 Percentage of loans committed from the Investment Management programme | -                          | -       | -       | 100%                  | 100%    | 100%                | 100%    |
|   |  | 3.1.2 Percentage rate of committed loans disbursed  |  | -                          | 76%     | 80%     | 85%                   | 90%     | 95%                 |         |
|   |  | 3.1.3 Percentage of blended funding committed for youth-owned small enterprises disbursed |  | -                          | -       | 100%    | 85%                   | 85%     | 85%                 |         |
|   |  | 3.2 Grant funding for small enterprises   | 3.2.1 Percentage of grants committed   | -                          | -       | -       | -                     | 100%    | -                   |         |

| GGT2030<br>STATEMENT | OUTCOME | OUTPUTS | OUTPUT INDICATORS   | AUDITED ACTUAL<br>PERFORMANCE |         |         | ESTIMATED<br>PERFORMANCE |         |         | MEDIUM-TERM<br>TARGETS |  |
|----------------------|---------|---------|---|-------------------------------|---------|---------|--------------------------|---------|---------|------------------------|--|
|                      |         |         |   | 2018/19                       | 2019/20 | 2020/21 | 2021/22                  | 2022/23 | 2023/24 | 2024/25                |  |
|                      |         |         | 3.2.2. Percentage rate of committed grants disbursed      | -                             | -       | -       | 90%                      | 90%     | -       | -                      |  |
|                      |         |         | 3.3.1 Percentage of grants committed for informal traders | -                             | -       | -       | -                        | -       | 100%    | 100%                   |  |
|                      |         |         | 3.3.2 Grant funding for informal traders                  | -                             | -       | -       | -                        | -       | -       | 100%                   |  |

### Programme 2 - Investment Management: Indicators, Annual and Quarterly Targets:

| OUTPUT INDICATORS  | RESPONSIBILITY        | 2022/23 ANNUAL TARGET | QUARTERLY TARGETS |                   |                   |                   |
|--|-----------------------|-----------------------|-------------------|-------------------|-------------------|-------------------|
|  |                       |                       | Q1 Apr - Jun 2022 | Q2 Jul - Sep 2022 | Q3 Oct - Dec 2022 | Q4 Jan - Mar 2023 |
| 3.1.1 Percentage of loans committed from the Investment Management programme | Investment Management | 100%                  | -                 | 33%               | 66%               | 100%              |
| 3.1.2 Percentage rate of committed loans disbursed                           | Investment Management | 80%                   | -                 | 30%               | 60%               | 85%               |

| OUTPUT INDICATORS   | RESPONSIBILITY        | 2022/23 ANNUAL TARGET | QUARTERLY TARGETS |                   |                   |                   |
|---|-----------------------|-----------------------|-------------------|-------------------|-------------------|-------------------|
|   |                       |                       | Q1 Apr - Jun 2022 | Q2 Jul - Sep 2022 | Q3 Oct - Dec 2022 | Q4 Jan - Mar 2023 |
| 3.1.3 Percentage of blended funding committed for youth-owned small enterprises disbursed | Investment Management | 85%                   | -                 | 40%               | 70%               | 85%               |
| 3.2.1 Percentage of grants committed  | Regional Operations   | 100%                  | -                 | 33%               | 66%               | 100%              |
| 3.2.2 Percentage rate of committed grants disbursed                                       | Regional Operations   | 90%                   | -                 | 90%               | 90%               | 90%               |
| 3.3.1 Percentage of grants committed for informal traders                                 | Regional Operations   | 100%                  | -                 | 50%               | 75%               | 100%              |

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### 5.2.3. PROGRAMME 2 – INVESTMENT MANAGEMENT: EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

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The contribution of the Investment Management Programme is to MTSF 2019-2024 Priority 2: Economic transformation and job creation; and GGT2030 Priority 1: Economy, jobs and infrastructure. The Programme is pivotal to government's priority of supporting small enterprises, particularly those that are township-based, to become sustainable and meaningful participants in the economy, thus creating sustainable jobs.

Effectively managing the loan book through loan approvals, timeous disbursements and high rates of loan recoveries is an important element of the development, growth and sustainability of SMMEs in the province. By integrating financial support with the non-financial support mechanisms of the Enterprise Support Programme, the GEP will work towards achieving the outcome on increasing the number of sustainable small enterprises, as reflected in the Strategic Plan.

Key priorities include:

- 1) Optimising the available capital by providing loans to a fewer number of small enterprises with high potential for growth and job creation.
- 2) Ensuring that loans approved are disbursed timeously.
- 3) Improving debt collection and pushing up the targets for loans recoveries. Inherently, this means improving the due diligence processes.
- 4) Ensuring that priority is given to funding small enterprises owned by women, youth and people with disabilities, towards an allocation of 30% to women, 30% to youth and 5% to people with disabilities.

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### 5.2.4. PROGRAMME 2 – INVESTMENT MANAGEMENT: RESOURCE CONSIDERATIONS

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#### Expenditure Estimates:

| Programme 2: Investment Management<br>(R'000) | Audited outcome |               |               | Adjusted appropriation | Medium-term expenditure estimate |               |               |
|---|-----------------|---------------|---------------|------------------------|----------------------------------|---------------|---------------|
|   | 2018/19         | 2019/20       | 2020/21       |                        | 2021/22                          | 2022/23       | 2023/24       |
| Investment Management                         | 36,787          | 33,510        | 30,851        | 32,916                 | 33,903                           | 33,903        | 33,903        |
| <b>Total payments and estimates</b>           | <b>36,787</b>   | <b>33,510</b> | <b>30,851</b> | <b>32,916</b>          | <b>33,903</b>                    | <b>33,903</b> | <b>33,903</b> |

**Expenditure Estimates by Economic Classification:**

| Programme 2: Investment Management (R'000) | Audited outcome |               |               | Adjusted appropriation | Medium-term expenditure estimate |               |               |
|--|-----------------|---------------|---------------|------------------------|----------------------------------|---------------|---------------|
|  | 2018/19         | 2019/20       | 2020/21       |                        | 2021/22                          | 2022/23       | 2023/24       |
| <b>Economic classification</b>             |                 |               |               |                        |                                  |               |               |
| Current payments                           | -               | -             | -             | -                      | -                                | -             | -             |
| Compensation of employees                  | 13,467          | 14,410        | 10,656        | 11,370                 | 11,710                           | 11,710        | 11,710        |
| Goods and services                         | 23,320          | 19,100        | 20,195        | 21,547                 | 22,193                           | 22,193        | 22,193        |
| <b>Total</b>                               | <b>36,787</b>   | <b>33,510</b> | <b>30,851</b> | <b>32,916</b>          | <b>33,903</b>                    | <b>33,903</b> | <b>33,903</b> |

**Resources' contribution to achieving the outputs:**

Investment Management Programme's budget allocation will increase to R32.9 million in the 2021/22 Financial Year (FY). The increased budget will assist in the capitalization of the programme and also ensure that emerging Black Industrialists benefit from loan funding.

### 5.3. PROGRAMME 3: REGIONAL OPERATIONS AND ENTERPRISE SUPPORT

#### 5.3.1. PROGRAMME PURPOSE

The purpose of Programme 3: Regional Operations and Enterprise Support is to provide tailor-made, business development support for the development and growth of small enterprises through the Gauteng Entrepreneurship Model (GEM) stages of ideation, start-up and early growth. Furthermore, through a referral system to ensure investment ready small enterprises receive the required financial support through GEP loans or through loans provided by other DFIs or cofounders. The Programme is responsible for handholding supported businesses in the growth, mature and decline stages using business monitors and mentors, and to intervene timeously to support sustainability and mitigate business failure.

#### 5.3.2. PROGRAMME OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

In contributing towards the GEP's vision of:

**"a responsive and impactful propeller for sustainable business enterprises in the Gauteng Province"**

the Enterprise Support Programme delivers against the following Outcome reflected in the Strategic Plan:

**Outcome 3: Sustainable small enterprises that are creating jobs**

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

| Sub-Programme  | Functions  |
|--|--|
| Regional Operations (regional)<br>and<br>Enterprise Support (central, head office) | <ul style="list-style-type: none"> <li>❖ Mentoring;</li> <li>❖ Post-investment support and aftercare;</li> <li>❖ Business incubation;</li> <li>❖ Product development;</li> <li>❖ Facilitation of grant funding for qualifying small enterprises; ❖ CIPC registrations; and</li> <li>❖ Informal traders support.</li> </ul> |

The 2020/21 performance plan of Programme 3 is then reflected in the log frame tables below:

### **Business Development Support**

The Business Development Support will assist to improve the performance of the enterprise, access to markets and ability to comply and compete. Furthermore, the program assist in developing productive capacities of small businesses. It includes an array of business services such as training, marketing, information. The business development interventions that the entity provides include Planning, Human Resources, Operational Support, Quality support, technical support, legal support and raising finance support interventions.

**Programme 3 – Regional Operations and Enterprise Support: Outcomes, Outputs Indicators and Annual Targets:**

| GGT2030<br>STATEMENT  | OUTCOME  | OUTPUTS   | OUTPUT INDICATORS   | AUDITED ACTUAL PERFORMANCE |         |         | ESTIMATED PERFORMANCE |         | MEDIUM-TERM TARGETS |         |
|---|--|---|---|----------------------------|---------|---------|-----------------------|---------|---------------------|---------|
|   |  |   |   | 2018/19                    | 2019/20 | 2020/21 | 2021/22               | 2022/23 | 2023/24             | 2023/24 |
| <b>Business Development Support to improve SMME compliance capabilities</b> | <b>3.Increased number of supported small enterprises that are sustainable and creating jobs</b>                                  | 3.1. Business Development Interventions for small enterprises in all the economic sectors | 3.1.1. Percentage of Business Development interventions committed for small enterprises | -                          | -       | -       | -                     | 100%    | 100%                | 100%    |
|   |  |   | 3.1.2 Percentage of SMMEs in Gauteng Province   | -                          | -       | -       | 34%                   | -       | 38%                 | 40%     |
|   |  | 3.2 Youth supported through the Youth Accelerator Programme                               | 3.2.1 Number of youth that benefitted from the Youth Accelerator Programme              | 747                        | 450     | 500     | 40                    | 40      | 40                  | 40      |
|   | <b>Integrate youth employment and self-employment channels into all economic initiatives in partnership with Tshepo 1Million</b> |   |   |                            |         |         |                       |         |                     |         |

**Programme 3 – Regional Operations and Enterprise Support: Indicators, Annual and Quarterly Targets:**

| OUTPUT INDICATORS  | RESPONSIBILITY                      | 2022/23 ANNUAL TARGET | QUARTERLY TARGETS |                |                   |                   |
|--|-------------------------------------|-----------------------|-------------------|----------------|-------------------|-------------------|
|  |                                     |                       | Q1 Apr - Jun 2022 | Jul - Sep 2022 | Q2 Oct - Dec 2022 | Q4 Jan - Mar 2023 |
| 3.1.1 Percentage of Business Development interventions committed for small enterprises | Regional Operations                 | 100%                  | -                 | 40%            | 80%               | 100%              |
| 3.1.2 Percentage of SMEs in Gauteng Province   | Strategy, Monitoring and Evaluation | 38%                   | -                 | -              | -                 | 38%               |
| 3.2.1 Number of youth that benefitted from the Youth Accelerator Programme             | Enterprise Support                  | 40                    | -                 | -              | 40                | -                 |

### 5.3.3. PROGRAMME 3 – REGIONAL OPERATIONS AND ENTERPRISE SUPPORT: EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

The contribution of the Regional Operations and Enterprise Support Programme is to MTSF 2019/2024 Priority 2: Economic transformation and job creation; and GGT2030 Priority 1: Economy, jobs and infrastructure.

The short to medium term focus is on:

- 1) Implementation of the Gauteng Entrepreneurship Model (GEM) and ensuring an integrated approach, with the Investment Management Programme, in working towards the outcome of ensuring the sustainability of small enterprises, as reflected in the Strategic Plan.
- 2) Refining of the Business Development Support products to be implemented in support of the priorities of the 6<sup>th</sup> Administration.
- 3) Continued focus on the Youth Accelerator Programme and prioritising support for enterprises in the depressed regions as per GGT2030.

### 5.3.4. PROGRAMME 3 – REGIONAL OPERATIONS AND ENTERPRISE SUPPORT: RESOURCE CONSIDERATIONS

#### Expenditure Estimates:

| Programme 3: Regional Operations and Enterprise Support<br>(R'000) | Audited outcome |                |                | Adjusted appropriation | Medium-term expenditure estimate |                |                |
|--|-----------------|----------------|----------------|------------------------|----------------------------------|----------------|----------------|
|  | 2018/19         | 2019/20        | 2020/21        |                        | 2021/22                          | 2022/23        | 2023/24        |
| 108 607  | 125 545         | 131 349        | 101,204        | 107,979                | 111,216                          | 111,216        | 111,216        |
| <b>108 607</b>   | <b>125 545</b>  | <b>131 349</b> | <b>101,204</b> | <b>107,979</b>         | <b>111,216</b>                   | <b>111,216</b> | <b>111,216</b> |

#### Expenditure Estimates by Economic Classification:

| Programme 3: Regional Operations and Enterprise Support<br>(R'000) | Audited outcome |         |         | Adjusted appropriation | Medium-term expenditure estimate |         |         |
|--|-----------------|---------|---------|------------------------|----------------------------------|---------|---------|
|  | 2018/19         | 2019/20 | 2020/21 |                        | 2021/22                          | 2022/23 | 2023/24 |
| <b>Economic classification</b>                                     |                 |         |         |                        |                                  |         |         |
| Current payments   | -               | -       | -       | -                      | -                                | -       | -       |
| Compensation of employees  | 47 836          | 51 185  | 52,837  | 56,374                 | 58,064                           | 58,064  | 58,064  |

|                    |                |                |                |                |                |                |                |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Goods and services | 61 356         | 74 360         | 48,367         | 51,605         | 53,152         | 53,152         | 53,152         |
| <b>Total</b>       | <b>109 192</b> | <b>125 545</b> | <b>101,204</b> | <b>107,979</b> | <b>111,216</b> | <b>111,216</b> | <b>111,216</b> |

### Resources' contribution to achieving the outputs

The budget allocation for Programme 3 supports a range of business development 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 and targeted support for small enterprises in key sectors. The budget allocation also caters for the rollout of targets relating to supporting township manufacturers and small enterprises in the construction industry.

The budget includes the implementation of Gauteng's Township Economic Revitalisation projects, which are aimed at enhancing reindustrialisation through the development of black-owned enterprises. These programmes seek to increase the number of SMMEs and co-operatives actively participating in the Gauteng's mainstream economy, and identified priority economic sectors.

## 5.4. PROGRAMME 4: RESOURCE MOBILISATION AND INDUSTRIAL FINANCING

### 5.4.1. PROGRAMME PURPOSE

The purpose of Programme 4: Resources mobilisation and industrial financing is to actively promote entrepreneurship in the Province, to mobilise resources through strategic partnerships and to facilitate an integrated approach among DFIs and other role-players to entrepreneurial development and support within the Province. The Programme is also aimed at supporting the industrial development drive of the Province by facilitating investment in high-impact business enterprises that dilute monopolies and stimulate high rates of employment.

### 5.4.2. PROGRAMME OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

In contributing towards the GEP's vision of:

**"a responsive and impactful propeller for sustainable business enterprises in the Gauteng Province"**

the Resources Mobilisation and Industrial Financing Programme delivers against the following Outcomes reflected in the Strategic Plan:

Outcome 1: Improved Balance Sheet to support small enterprises

The Resources Mobilisation and Industrial Financing Programme covers the following sub-programme and functions:

| Sub-Programme                                     | Functions  |
|---|--|
| Stakeholder Management and Resources Mobilisation | <ul style="list-style-type: none"> <li>◆ Resources mobilisation</li> <li>◆ Stakeholder management</li> <li>◆ Industrial financing</li> </ul> |

Programme 4 is reliant on the repositioning and recapitalisation of the GEP to play a more significant role in high-growth sectors through support for emerging black industrial enterprises. As the repositioning process is not yet concluded, for 2022/23, the performance information is limited to the current function of stakeholder management and resources mobilisation. Once the GEP has been reconfigured, industrial financing indicators will be included in future APPs to support the relevant outcomes of the Strategic Plan.

The 2022/23 performance plan of Programme 4 is then reflected in the log frame tables below:

**Programme 4 – Resources Mobilisation and Industrial Financing: Outcomes, Outputs Indicators and Annual Targets:**

| GGT 2030 STATEMENT   | OUTCOME   | OUTPUT INDICATORS   | AUDITED ACTUAL PERFORMANCE |         |         |         | ESTIMATED PERFORMANCE | MEDIUM-TERM TARGETS |
|--|---|---|----------------------------|---------|---------|---------|-----------------------|---------------------|
|  |   |   | 2018/19                    | 2019/20 | 2020/21 | 2021/22 |                       |                     |
| Enabling enterprise and supplier development to meet government demands, including through access to finance | 1. Improved Balance Sheet to support small enterprises                                    | 1.1. Leveraged funds from partnerships                                  | -                          | -       | -       | R500m   | R500m                 | R500m               |
|  |   | 1.1.1. Rand Value of funds leveraged from partnerships                  | -                          | -       | -       | R500m   | R500m                 | R500m               |
|  | 1.2 Collections from the Loan Book  | 1.2.1 Collection rate of the Loan Book                                  | -                          | -       | -       | 10%     | 15%                   | 20%                 |
|  |   |   |                            |         |         |         |                       | 25%                 |
|  | 2. Increased number of supported small enterprises that are sustainable and creating jobs | 2.1.1 Percentage of loans committed from the SMME Partnership programme | -                          | -       | -       | 100%    | 100%                  | -                   |
|  |   | 2.1.2 Percentage of loans committed from the Property Fund              | -                          | -       | -       | 100%    | 100%                  | -                   |
|  |   | 2.1.3 Percentage of loans committed from the Township Fund              | -                          | -       | -       | 100%    | 100%                  | -                   |

**Programme 4 – Resources Mobilisation and Industrial Financing: Indicators, Annual and Quarterly Targets:**

| OUTPUT INDICATORS  | RESPONSIBILITY   | QUARTERLY TARGETS     |                   |                   |                   |
|--|--|-----------------------|-------------------|-------------------|-------------------|
|  |  | 2020/21 ANNUAL TARGET | Q1 Apr - Jun 2022 | Q2 Jul - Sep 2022 | Q3 Oct - Dec 2022 |
| 1.1.1. Rand Value of funds leveraged from partnerships             | Stakeholder Management and Resources Mobilisation      | R500m                 | -                 | R100m             | R200m             |
| 1.2.1 Collection rate of the Loan Book                             | Finance  | 15%                   | -                 | 5%                | 10%               |
| 2.1.1 Percentage of loans committed from the Partnership programme | Stakeholder SMME Management and Resources Mobilisation | 100%                  | 33%               | 66%               | 100%              |
| 2.1.2 Percentage of loans Committed from the Property Fund         | Stakeholder Management and Resources Mobilisation      | 100%                  | -                 | 60%               | 100%              |
| 2.1.3 Percentage of loans committed from the Township Fund         | Stakeholder Management and Resources Mobilisation      | 100%                  | -                 | 30%               | 60%               |

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#### 5.4.3. PROGRAMME 4 – RESOURCES MOBILISATION AND INDUSTRIAL FINANCING: EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

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The Resources Mobilisation and Industrial Financing Programme is newly established to give effect to the directive of the 6<sup>th</sup> Administration that GEP be repositioned as the centre (face) of entrepreneurship in Gauteng, by ensuring an integrated approach among DFIs and other strategic partners in the Province. The New Vision and Plan that advocates for GEP as a Resource Aggregator in the province would ensure the realisation of integration and creation of sustainable businesses.

The focus of the Programme is, therefore, on mobilising resources and building partnerships with co-funders and other delivery partners to significantly upscale the levels and extent of support, both financial and Business Development support provided to small enterprises in Gauteng. These include the procurement set-asides target of 30% by ensuring that government and private sector provide market access to small enterprises in the province. The Programme is, therefore, committed to work with big-ticket spending areas of government in transport, infrastructure development, human settlement, health and education to enhance market access for small enterprises.

The Programme is further committed to sourcing the necessary financial support for the development and growth of black industrial enterprises. While GEP's focus will largely be on emerging black industrial enterprises, the organisation will work with other strategic partners and DFIs to secure support for larger black industrial enterprises. Underpinning this Programme is the Gauteng SMME Fund which will be rolledout in the 2022/2023 financial year, largely through blended funding of small enterprises. The Blended funding is an equal split funding of loans and grants that will be provided to qualifying small enterprises.

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#### 5.4.4. PROGRAMME 4 – RESOURCES MOBILISATION AND INDUSTRIAL FINANCING: RESOURCE CONSIDERATIONS

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##### Expenditure Estimates:

| Programme 4: Resources<br>Mobilisation and<br>Industrial Financing<br>(R'000) | Audited outcome |         |         | Adjusted<br>appropriation | Medium-term expenditure estimate |         |         |         |
|---|-----------------|---------|---------|---------------------------|----------------------------------|---------|---------|---------|
|   | 2018/19         | 2019/20 | 2020/21 |                           | 2021/22                          | 2022/23 | 2023/24 | 2024/25 |
| Industrial Financing<br>Programme   | -               | -       | -       | -                         | R200m                            | R150m   | -       | -       |
| Total payments and<br>estimates   | -               | -       | -       | -                         | R200m                            | R150m   | -       | -       |

**Expenditure Estimates by Economic Classification:**

| Programme 4: Resources<br>Mobilisation and<br>Industrial Financing<br>(R'000) | Audited outcome |         |         | Adjusted<br>appropriation | Medium-term expenditure estimate |         |         |
|---|-----------------|---------|---------|---------------------------|----------------------------------|---------|---------|
|   | 2018/19         | 2019/20 | 2020/21 |                           | 2021/22                          | 2022/23 | 2023/24 |
| <b>Economic classification</b>  |                 |         |         |                           |                                  |         |         |
| Compensation of employees   | -               | -       | -       | -                         | -                                | -       | -       |
| Goods and services  | -               | -       | -       | -                         | -                                | -       | -       |
| <b>Total</b>  | -               | -       | -       | -                         | -                                | -       | -       |

The funding of Programme 4 will continue to be supplemented by the Compensation of Employees and Goods and services Budgets under Programme 3. However, a process will be undertaken to establish a Cost Centre for this Programme in the 2022/23 Financial year. Summarily, employees under this Programme are remunerated through Programme 3.

## 6. UPDATED KEY RISKS

| Outcome  | Key Risk   | Risk Mitigation/Opportunities  |
|--|--|--|
| <b>1. Improved Balance Sheet to support small enterprises</b>                | <ul style="list-style-type: none"> <li>✚ Negative association risks with mobilised partners.</li> <li>✚ Reputational risk impact on GEP's brand for attraction of potential partners.</li> <li>✚ Limited human resource and legal capacity for resource mobilisation and management.</li> <li>✚ Limited attraction of capital</li> </ul> | <ul style="list-style-type: none"> <li>✚ Vetting of and risk assessment on potential partners.</li> <li>✚ Obtaining clean audit opinion, obtaining improved brand survey outcomes, implementation of the governance maturity aligned to ESG model and mapping of enabling stakeholders and partners.</li> <li>✚ Implementation of the skills audit outcomes, recruitment of the panel of service to aggregation of funds for SMMEs (asset managers /fund managers), including setting-up of the Provincial Capital Fund</li> </ul> |
| <b>2. Increased contribution of small enterprises in the Gauteng economy</b> | <ul style="list-style-type: none"> <li>✚ Change of government policy of empowerment (e.g. set-asides)</li> <li>✚ Inability to maximise on procurement opportunities and empowerment policy opportunities.</li> </ul>   | <ul style="list-style-type: none"> <li>✚ Identification and securing of offtake agreements with other government agencies and private sector.</li> <li>✚ Increasing procurement from youth, women and disabled persons - owned SMMEs, including increased disbursement of financial support to these SMMEs</li> <li>✚ Funding and business support of black industrialist</li> <li>✚ Funding of new players in the new economics sectors and high growth sectors</li> </ul>  |
| <b>3. Sustainable enterprises that create and maintain jobs</b>              | <ul style="list-style-type: none"> <li>✚ Limited capital for business finance (financial, nonfinancial, industrial support).</li> <li>✚ Investing in or funding of businesses in poorly performing economic sectors.</li> </ul>  | <ul style="list-style-type: none"> <li>✚ Shareholder recapitalisation of GEP and capital risk-sharing with partners for funding of (financial, non-financial, industrial support).</li> <li>✚ Enhanced due diligence supported by industry research to inform economic outlook and</li> </ul>  |

| Outcome   | Key Risk   | Risk Mitigation/Opportunities  |
|---|--|--|
|   | <ul style="list-style-type: none"> <li>⊕ Non-investment in new economic sectors.</li> <li>⊕ Non-application of the ESG (Environment, Social Inclusivity and Governance) Model in business finance (financial, non-financial, industrial support).</li> <li>⊕ Poorly defined and implementation of the pre-investment and post-investment strategy.</li> <li>⊕ Non-application of GEM model for formalisation and sustainability of businesses.</li> <li>⊕ Limited due diligence and definition of business processes.</li> </ul> | <p>performance. Investment into business expansions of performing and existing business (receipt of dividends).</p> <p>Funding of feasibility studies for new economic sectors with a view of bringing in new players</p> <p>Development and implementation of the ESG matrix, as part of enhanced due diligence, including sourcing of ESG.</p> <p>Benchmark, develop and implement the enhanced pre-investment and post-investment strategy (panel of mentors).</p> <p>Development and implementation of a non-financial support strategy aligned to GEM.</p> <p>Automation of the enhanced due diligence business processes, reskilling and recruitment of suitable investment managers (financial, non-financial, industrial support).</p> |
| <b>4. Black-owned industrial enterprises participating sustainably in high growth sectors</b> | <ul style="list-style-type: none"> <li>⊕ Non-identification of the monopolies and lack of penetration strategy.</li> </ul>   | <ul style="list-style-type: none"> <li>⊕ Implementation of the targeted black empowerment industrial financing through capital risk sharing aligned to ESG Model (emphasis on financial and social returns to GEP).</li> <li>⊕ Research and identify high financial and social return projects for funding an business development financial funding for labour intensive industrial monopolies through equity investment.</li> </ul>  |

| Outcome   | Key Risk   | Risk Mitigation/Opportunities  |
|---|--|--|
| <b>5. Well-governed and high-performing organisation.</b> | <ul style="list-style-type: none"> <li>+ Poor organisational and employee productivity.</li> <li>+ Poor governance (internal controls, compliance, risk management and governance).</li> <li>+ Low organisational and employee productivity due to coronavirus lockdown (i.e. 36 days and level 4 lockdown), thus negatively affecting the rolling-out APP targets, adequacy and spending of budgets and execution of operational plans and governance activities</li> <li>Limited availability of tools of trade for on-site and virtual employees (such as data allocation, laptops and ICT applications, vehicle)</li> <li>Limited budget availability for both financial and nonfinancial support, including special Shareholder/mandated projects</li> <li>Limited communication with both internal and external stakeholders in relation to the coronavirus effects</li> </ul> | <ul style="list-style-type: none"> <li>+ Defined employee and organisational performance targets for contracting purposes, defined remuneration philosophy (short and long-term incentives), embedding and practice of GEP values for improved organisational culture.</li> <li>+ Tracing and monitoring of the implementation of the strategic risk mitigations, internal audit, external audit logs, including the Board annual risk assessment outcomes</li> <li>+ Tracing and monitoring of the organisational productivity and performance core card</li> <li>+ Tracing and monitoring of the organisational productivity and performance score card</li> <li>A Board-supported business continuity plan in place and being costed for implementation</li> <li>Explore purchase of all tools of trade and upgrading of data allowance for all staff, including installation of required ICT applications</li> <li>Leveraging on Strategic Partnerships in government (e.g. Dept. of Small Business Development) and private sector to mobilise resources and facilitate integrated responses to support distressed small enterprises across the Province;</li> <li>Crisis communication plan will be developed and rolled-out to inform all stakeholders about active GEP operations</li> </ul> |

The detailed Gauteng Enterprise Propeller Risk Register is reviewed monthly by Exco, and quarterly at each meeting of the Risk and Governance Committee and the Board.

## 7. PUBLIC ENTITIES

N/A

## 8. PUBLIC / PRIVATE PARTNERSHIPS

GEP has an SMME Partnership Programme with the the Industrial Development Corporation (IDC)

## PART D: TECHNICAL INDICATOR DESCRIPTIONS

### PROGRAMME 1: ADMINISTRATION

|   |  |
|---|--|
| <b>Indicator Title</b>                                    | <b>Percentage of procurement spend on small enterprises owned by women</b>   |
| <b>Definition</b>   | This indicator measures the percentage of GEP procurement spent on women owned businesses.<br><br>Women are adult female human beings  |
| <b>Source of data</b>                                     | SCM Procurement Spend Report / Quarterly Management Accounts Report  |
| <b>Method of Calculation / Assessment</b>                 | Sum of the Rand value of GEP procurement spend on small enterprises that are owned by women divided by the total Rand value of procurement spend on all service providers (regardless of B-BBEE status) over the same cumulative (year-to-date) period, expressed as a percentage. |
| <b>Means of verification</b>                              | SCM Procurement Spend Report, B-BBEE Certificate or CSD Report and Proof of Payments   |
| <b>Assumptions</b>  | Suppliers are registered on the central supplier database<br><br>Suppliers banking details are updated   |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | As per indicator   |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation Type</b>                                   | Cumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired Performance</b>                                | <u>Higher than targeted performance is desirable:</u><br><br>50% procurement spend to small enterprises that are owned or controlled by women  |
| <b>Indicator Responsibility</b>                           | CFO  |

|   |   |
|---|---|
| <b>Indicator Title</b>                                    | <b>Percentage of procurement spend on small enterprises owned by youth</b>  |
| <b>Definition</b>   | <p>This indicator measures the percentage of GEP procurement spent on youth owned businesses.</p> <p>The National Youth Policy defines youth as any persons between the ages of 14 and 35 years.</p> <p>Youth is the time of life when a person is young and often means the time between childhood and adulthood (maturity).</p> |
| <b>Source of data</b>                                     | SCM Procurement Spend Report / Quarterly Management Accounts Report   |
| <b>Method of Calculation / Assessment</b>                 | Sum of the Rand value of GEP procurement spend on small enterprises that are owned by youth divided by the total Rand value of procurement spend on all service providers (regardless of B-BBEE status) over the same cumulative (year-to-date) period, expressed as a percentage.  |
| <b>Means of verification</b>                              | SCM Procurement Spend Report, B-BBEE Certificate or CSD Report and Proof of Payments  |
| <b>Assumptions</b>  | <p>Suppliers are registered on the central supplier database</p> <p>Suppliers banking details are updated</p>   |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | As per indicator  |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation Type</b>                                   | Cumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired Performance</b>                                | <u>Higher than targeted performance is desirable:</u><br>35% procurement spend to small enterprises that are owned or controlled by youth   |
| <b>Indicator Responsibility</b>                           | CFO   |

|                        |   |
|------------------------|---|
| <b>Indicator Title</b> | <b>Percentage of procurement spend on small enterprises owned by persons with disabilities</b>                    |
| <b>Definition</b>      | This indicator measures the percentage of GEP procurement spent on businesses owned by persons with disabilities. |

|   |  |
|---|--|
|   | <p>Persons with disabilities are people who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others.</p> <p>A person has a disability if they have a physical or mental impairment and the impairment has a substantial and long-term adverse effect on the person's ability to carry out normal day-to-day activities.</p> |
| <b>Source of data</b>                                     | SCM Procurement Spend Report / Quarterly Management Accounts Report  |
| <b>Method of Calculation / Assessment</b>                 | Sum of the Rand value of GEP procurement spend on small enterprises that are owned by persons with disabilities divided by the total Rand value of procurement spend on all service providers (regardless of B-BBEE status) over the same cumulative (year-to-date) period, expressed as a percentage.   |
| <b>Means of verification</b>                              | SCM Procurement Spend Report, B-BBEE Certificate or CSD Report and Proof of Payments   |
| <b>Assumptions</b>  | <p>Suppliers are registered on the central supplier database</p> <p>Suppliers banking details are updated</p>  |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | As per indicator   |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation Type</b>                                   | Cumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired Performance</b>                                | <u>Higher than targeted performance is desirable:</u><br>7% procurement spend to small enterprises that are owned or controlled by persons with disabilities.  |
| <b>Indicator Responsibility</b>                           | CFO  |

|   |   |
|---|---|
| <b>Indicator Title</b>                    | <b>Percentage of valid procurement Invoices paid within 15 days</b>   |
| <b>Definition</b>                         | This indicator measures the percentage of valid procurement Invoices paid within 15 days after submission for payment to the Office of the CFO. |
| <b>Source of data</b>                     | Payment Report / Management Accounts Report   |
| <b>Method of Calculation / Assessment</b> | Total number of valid invoices paid within 15 days after receipt, divided by the total number of invoices received for payment.                 |

|   |   |
|---|---|
| <b>Means of verification</b>                              | Payment Report  |
| <b>Assumptions</b>  | Timeous submission of valid Invoices for payment  |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation Type</b>                                   | Cumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired Performance</b>                                | <u>Higher than targeted performance is desirable</u><br>100% payment of valid procurement invoices within 15 days |
| <b>Indicator Responsibility</b>                           | CFO   |

|   |  |
|---|--|
| <b>Indicator Title</b>                                    | <b>Annual audit opinion</b>  |
| <b>Definition</b>   | The performance indicator measures annual audit opinion obtained in the previous financial year for both financial and non-financial |
| <b>Source of data</b>                                     | Signed 2021/2022 External Audit Report   |
| <b>Method of Calculation / Assessment</b>                 | Signed 2021/2022 External Audit Report   |
| <b>Means of verification</b>                              | Signed 2021/2022 External Audit Report   |
| <b>Assumptions</b>  | Unqualified audit opinion received   |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation Type</b>                                   | Non-cumulative   |
| <b>Reporting Cycle</b>                                    | Annually   |

|                                 |                           |
|---------------------------------|---------------------------|
| <b>Desired Performance</b>      | Unqualified Audit opinion |
| <b>Indicator Responsibility</b> | GM: Risk and Audit        |

|   |  |
|---|--|
| <b>Indicator Title</b>                                    | <b>Percentage Implementation of the GEP Turnaround Strategy</b>  |
| <b>Definition</b>   | Turnaround Strategy,in this case, is a Plan detailing the sustained positive change in the business performance of GEP for it to obtain desired results by its Stakeholders, mainly the Gauteng Provincial Governement, its Employees and its Customers. |
| <b>Source of data</b>                                     | Progress Reports on the Implementaion of GEP Turnaround Strategy   |
| <b>Method of Calculation / Assessment</b>                 | Sum of implemented recommendations on the GEP Turnaround Strategy divided by the total sum of recommendations on the GEP Turnaround Strategy, to determine the percentage implementation of the GEP Turnaround Strategy                                  |
| <b>Means of verification</b>                              | GEP Turnaround Strategy and Board Committee Minutes with supporting documents of implemented recommendations   |
| <b>Assumptions</b>  | GEP Turnaround Strategy developed and implemented  |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation Type</b>                                   | Cumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired Performance</b>                                | 50% Implementation of GEP Turnaround Strategy recommendations  |
| <b>Indicator Responsibility</b>                           | CEO  |

## PROGRAMME 2: INVESTMENT MANAGEMENT

|   |   |
|---|---|
| <b>Indicator Title</b>                                    | <b>Percentage of loans committed from the Investment Management Programme</b>   |
| <b>Definition</b>   | <p>This indicator measures loans that are committed against allocated budget.</p> <p>Loans committed are funds GEP is willing to pay for received, assessed and adjudicated loan applications, if certain predetermined conditions are met by the applicants.</p> <p>Loans committed will also include those that were committed in the previous financial year.</p> <p>Small enterprises to benefit from the loans include those in the priority sectors and /or high growth sectors i.e.</p> <ul style="list-style-type: none"> <li>• Automotive, Aerospace and Defence</li> <li>• Transportation and logistics</li> <li>• ICT and digital services with a focus on the gig economy</li> <li>• Energy, with a focus on new technologies and diversifying the energy mix</li> <li>• Tourism and Hospitality</li> <li>• Food, Beverages, Agro-processing, and agribusiness</li> <li>• Construction and Infrastructure</li> <li>• Financial services</li> <li>• Cultural and creative services</li> <li>• Industrial Cannabis</li> </ul> |
| <b>Source of data</b>                                     | Signed commitment list from the previous financial year / Loan Approval List  |
| <b>Method of Calculation / Assessment</b>                 | Sum of the rand value of committed loans divided by the total budget of the Investment Management Programme, to determine the percentage of committed loans from the Investment Management Programme  |
| <b>Means of verification</b>                              | Management and Board Committee Resolutions  |
| <b>Assumptions</b>  | Approved loan applications committed  |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation Type</b>                                   | Cumulative  |

|                                 |  |
|---------------------------------|--|
| <b>Reporting Cycle</b>          | Quarterly  |
| <b>Desired Performance</b>      | <u>Higher than targeted performance is desirable:</u><br>100% of approved loans committed from the Investment Management programme |
| <b>Indicator Responsibility</b> | COO  |

|   |   |
|---|---|
| <b>Indicator Title</b>                                    | <b>Percentage rate of committed loans disbursed</b>   |
| <b>Definition</b>   | <p>This indicator is measuring loans disbursed.</p> <p>Disbursement means the payment of money for committed loan applications</p> <p>The disbursed loans include those that were committed but not disbursed in the previous financial year.</p> |
| <b>Source of data</b>                                     | Loan approval list / Disbursements Report / Signed commitment list  |
| <b>Method of Calculation / Assessment</b>                 | Sum of the total monetary value of disbursed loans divided by the total monetary value of the committed loans to determine the percentage of loans disbursed.   |
| <b>Means of verification</b>                              | Signed commitment list from the previous financial year, Management and Board Committee Resolutions, Proof of Payments  |
| <b>Assumptions</b>  | Committed loans disbursed   |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation Type</b>                                   | Cumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired Performance</b>                                | <u>Higher than targeted performance is desirable:</u><br>85% of committed loans disbursed   |
| <b>Indicator Responsibility</b>                           | COO   |

|   |  |
|---|--|
| <b>Indicator Title</b>                                    | <b>Percentage rate of committed blended funding for youth-owned small enterprises disbursed</b>  |
| <b>Definition</b>   | <p>This indicator is measuring disbursements of the blended funding for youth-owned small enterprises against allocated budget.</p> <p>Disbursement means the payment of money for committed blended funds applications</p> <p>Blended funds refer to funds comprising equal split of loans and grants</p> <p>The disbursed blended funding include funds committed but not disbursed in the last quarter of the previous financial year.</p> <p>The budget ring fenced for the blended funds dedicated to youth-owned enterprises is not less than R10m in the 2022/2023 financial year.</p> <p>Small enterprises to benefit from the blended funds include those in the priority sectors and /or high growth sectors i.e.</p> <ul style="list-style-type: none"> <li>• Automotive, Aerospace and Defence</li> <li>• Transportation and logistics</li> <li>• ICT and digital services with a focus on the gig economy</li> <li>• Energy, with a focus on new technologies and diversifying the energy mix</li> <li>• Tourism and Hospitality</li> <li>• Food, Beverages, Agro-processing, and agribusiness</li> <li>• Construction and Infrastructure</li> <li>• Financial services</li> <li>• Cultural and creative services</li> <li>• Industrial Cannabis</li> </ul> |
| <b>Source of data</b>                                     | Blended finance approval list / Disbursement Report  |
| <b>Method of Calculation / Assessment</b>                 | Sum of the total monetary value of the blended funds disbursed for youth-owned businesses divided by the total monetary value of the blended funds committed, to determine the disbursement rate.  |
| <b>Means of verification</b>                              | Management and Board Committee Resolutions and Proof of Payments   |
| <b>Assumptions</b>  | Committed loans disbursed  |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | As per indicator   |

|  |  |
|--|--|
| <b>Spatial Transformation (where applicable)</b> | N/A  |
| <b>Calculation Type</b>                          | Cumulative   |
| <b>Reporting Cycle</b>                           | Quarterly  |
| <b>Desired Performance</b>                       | <u>Higher than targeted performance is desirable:</u><br>85% of approved blended funding for youth-owned small enterprises disbursed |
| <b>Indicator Responsibility</b>                  | COO  |

|                        |  |
|------------------------|--|
| <b>Indicator Title</b> | <b>Percentage of grants committed</b>  |
| <b>Definition</b>      | <p>This indicator measures grants that are committed against allocated budget</p> <p>Grants committed are funds GEP is willing to pay for received, assessed and adjudicated grant applications, if certain predetermined conditions are met by the applicants.</p> <p>Grants committed will also include grants committed but not disbursed in the previous financial year.</p> <p>Small enterprises to benefit from the grants include those in the priority sectors and /or high growth sectors i.e.</p> <ul style="list-style-type: none"> <li>• Automotive, Aerospace and Defence</li> <li>• Transportation and logistics</li> <li>• ICT and digital services with a focus on the gig economy</li> <li>• Energy, with a focus on new technologies and diversifying the energy mix</li> <li>• Tourism and Hospitality</li> <li>• Food, Beverages, Agro-processing, and agribusiness</li> <li>• Construction and Infrastructure</li> <li>• Financial services</li> <li>• Cultural and creative services</li> <li>• Industrial Cannabis</li> </ul> |
| <b>Source of data</b>  | Signed commitment list from the previous financial year / Grants Approval List   |

|   |  |
|---|--|
| <b>Method of Calculation / Assessment</b>                 | Sum of the total rand value of committed grants divided by the total budget for grants,to determine the percentage of committed grants |
| <b>Means of verification</b>                              | Management and/ or Board Committee Resolutions   |
| <b>Assumptions</b>  | Grant applications committed   |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | All Gauteng Regions  |
| <b>Calculation Type</b>                                   | Non-cumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired Performance</b>                                | <u>Higher than targeted performance is desirable:</u><br>100% of approved grants committed   |
| <b>Indicator Responsibility</b>                           | COO  |

|   |   |
|---|---|
| <b>Indicator Title</b>                    | <b>Percentage rate of committed grants disbursed</b>  |
| <b>Definition</b>                         | This indicator is measuring grants disbursed.<br><br>Disbursement means the payment of money for committed grant applications<br><br>The disbursed grants will include grants committed but not disbursed in the previous financial year. |
| <b>Source of data</b>                     | Grants approval list / Disbursement Report / Signed commitment list   |
| <b>Method of Calculation / Assessment</b> | Sum of the total monetary value of disbursed committed grants (excluding grants for informal traders) divided the total monetary value of committed grants(excluding grants for informal traders), to determine the disbursement rate     |
| <b>Means of verification</b>              | Signed commitment list from the previous financial year, Management / Board Committee Resolutions and Proof of Payments   |
| <b>Assumptions</b>                        | Committed grants disbursed  |

|   |  |
|---|--|
| <b>Disaggregation of Beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | All Gauteng Regions  |
| <b>Calculation Type</b>                                   | Cumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired Performance</b>                                | <u>Higher than targeted performance is desirable</u><br>90% of approved grants disbursed |
| <b>Indicator Responsibility</b>                           | COO  |

|   |   |
|---|---|
| <b>Indicator Title</b>                                    | <b>Percentage of grants committed for informal traders</b>  |
| <b>Definition</b>   | <p>This indicator measures grants that are committed for informal traders.</p> <p>Informal traders are unregistered (with CIPC) enterprises in the unaccounted sectors of the economy. Examples of informal traders include spaza shops, hawkers and pavement sellers / as per GIBUS.</p> <p>The committed grants will also include those that were committed but not disbursed in the previous financial year.</p> |
| <b>Source of data</b>                                     | Signed commitment list from the previous financial year / Informal Traders Grants Approval List   |
| <b>Method of Calculation / Assessment</b>                 | Sum of rand value of committed informal traders grants divided by the total budget for informal traders grants, to determine the percentage of grants committed for informal businesses   |
| <b>Means of verification</b>                              | Management and/ or Board Committee Resolutions  |
| <b>Assumptions</b>  | Grant funding committed   |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | Across all Gauteng regions.   |
| <b>Calculation Type</b>                                   | Cumulative  |

|                                 |  |
|---------------------------------|--|
| <b>Reporting Cycle</b>          | Quarterly  |
| <b>Desired Performance</b>      | Higher than targeted performance is desirable<br>100% of approved Grants for informal businesses committed |
| <b>Indicator Responsibility</b> | COO  |

## PROGRAMME 3: ENTERPRISE SUPPORT AND REGIONAL OPERATION

|                        |   |
|------------------------|---|
| <b>Indicator Title</b> | <b>Percentage of Business Development Interventions committed for small enterprises</b>   |
| <b>Definition</b>      | <p>This indicator is measuring the rand value invested on Business Development Interventions against allocated budget</p> <p>Business Development initiatives committed are in line with Section 4 (2) (a) of the GEP Act, include, but not limited to the following:</p> <ul style="list-style-type: none"> <li>(i) assisting with business plans;</li> <li>(ii) accounting and legal services;</li> <li>(iii) computer and other skills training;</li> <li>(iv) tender information and advice;</li> <li>(v) access to government information and incentives;</li> <li>(vi) import and export advice; (vii) manufacturing advice; and</li> <li>(vii) assistance with client relations, marketing and research.</li> </ul> <p>Small enterprises to benefit from the Business Development initiatives include those in the priority sectors and /or high growth sectors i.e. Automotive, Aerospace and Defence</p> <ul style="list-style-type: none"> <li>• Transportation and logistics</li> <li>• ICT and digital services with a focus on the gig economy</li> <li>• Energy, with a focus on new technologies and diversifying the energy mix</li> <li>• Tourism and Hospitality</li> <li>• Food, Beverages, Agro-processing, and agribusiness</li> <li>• Construction and Infrastructure</li> <li>• Financial services</li> <li>• Cultural and creative services</li> <li>• Industrial Cannabis</li> </ul> |

|   |   |
|---|---|
|   | The committed Business Development initiatives will also include initiatives committed but not disbursed in the last quarter of the previous financial year.  |
| <b>Source of data</b>                                     | Signed commitment list from the previous financial year / Business Development Support Approval List  |
| <b>Method of Calculation / Assessment</b>                 | Sum of the rand value of Business Development initiatives committed divided by the total budget for Business Development interventions, to determine the percentage of Business Development initiatives committed |
| <b>Means of verification</b>                              | Management and/ or Board Committee Resolutions  |
| <b>Assumptions</b>  | Management and/ or Board Committee Resolutions Business Development Support interventions committed   |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | Across all Gauteng regions.   |
| <b>Calculation Type</b>                                   | Cumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired Performance</b>                                | <u>Higher than targeted performance is desirable</u><br>100% of approved Business Development interventions committed   |
| <b>Indicator Responsibility</b>                           | COO   |

|   |  |
|---|--|
| <b>Indicator Title</b>                    | <b>Percentage of SMMEs in Gauteng Province</b>   |
| <b>Definition</b>                         | SMMEs refer to SMMEs still in operation, in Gauteng Province, post their registration with the The Companies and Intellectual Property Commission. |
| <b>Source of data</b>                     | The Small Enterprise Development Agency SMME Quarterly Updates   |
| <b>Method of Calculation / Assessment</b> | Sum of SMMEs in Gauteng Province divided by the total sum of SMMEs in South Africa, to determine the percentage of SMMEs in Gauteng Province       |
| <b>Means of verification</b>              | The Small Enterprise Development Agency SMME Quarterly Updates   |
| <b>Assumptions</b>                        | SMMEs surviving in Gauteng   |

|   |   |
|---|---|
| <b>Disaggregation of Beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | Across all Gauteng regions.   |
| <b>Calculation Type</b>                                   | Cumulative  |
| <b>Reporting Cycle</b>                                    | Annually  |
| <b>Desired Performance</b>                                | <u>Higher than targeted performance is desirable</u><br>38% of SMMEs in Gauteng Province  |
| <b>Indicator Responsibility</b>                           | GM: Strategy, Monitoring and Evaluation   |
| <b>Indicator Title</b>                                    | <b>Number of youth benefitted from the Youth Accelerator Programme</b>  |
| <b>Definition</b>   | <p>This indicator is measuring the number of youth approved for the Youth Accelerator Programme supported through training / job placement opportunities</p> <p>Youth is an adult below age of 35 at the time of approval for placement in the Programme.</p> |
| <b>Source of data</b>                                     | GEP performance reports.  |
| <b>Method of Calculation / Assessment</b>                 | Simple count of the number of youth benefitting from the Youth Accelerator Programme.   |
| <b>Means of verification</b>                              | Placement letter / Contract and Identity Document / Training / stipends report  |
| <b>Assumptions</b>  | Positive responses by sector participants and beneficiaries.  |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | <ul style="list-style-type: none"> <li>▪ 100% youth</li> <li>▪ 50% women</li> </ul>   |
| <b>Spatial Transformation (where applicable)</b>          | Across all Gauteng regions.   |
| <b>Calculation Type</b>                                   | Non-cumulative  |
| <b>Reporting Cycle</b>                                    | Annually  |

|                                 |   |
|---------------------------------|---|
| <b>Desired Performance</b>      | <u>Higher than targeted performance is desirable</u><br>40 youth benefitting from the Youth Accelerator Programme in 2022/23. |
| <b>Indicator Responsibility</b> | COO   |

## PROGRAMME 4: RESOURCE MOBILISATION AND INDUSTRIAL FINANCING

|   |  |
|---|--|
| <b>Indicator Title</b>                                    | <b>Rand Value of funds leveraged from external partnerships.</b>   |
| <b>Definition</b>   | This indicator is measuring the Rand Value of third party funds secured through external partners  |
| <b>Source of data</b>                                     | Memorandum of Understanding (MOU) / Partnership Agreement / Third Party Agreement  |
| <b>Method of Calculation / Assessment</b>                 | Sum of the total Rand value of funds secured from partnerships.  |
| <b>Means of verification</b>                              | Written confirmation of public and/or private sector partnership secured in 2022/23 outlining Rand value of support received or committed, Board Resolutions and/or Partnership Agreements |
| <b>Assumptions</b>  | Positive responses by identified strategic partners.   |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | Not applicable.  |
| <b>Spatial Transformation (where applicable)</b>          | Across all Gauteng regions.  |
| <b>Calculation Type</b>                                   | Non-cumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired Performance</b>                                | <u>Higher than targeted performance is desirable</u><br>R500m leveraged from partnerships.   |
| <b>Indicator Responsibility</b>                           | Senior Manager: Revenue Generation and Stakeholder Partnership   |

|                        |   |
|------------------------|---|
| <b>Indicator Title</b> | <b>Collection rate of the Loan Book</b> |
|------------------------|---|

|   |  |
|---|--|
| <b>Definition</b>   | This indicator measures the collection rate against the loan book.<br>Collection is the money collected from due debts on the GEP Loan Book<br>Loan Book is the collective value of the loans owed to GEP. |
| <b>Source of data</b>                                     | Legal Collections Report / Debtors Report  |
| <b>Method of Calculation / Assessment</b>                 | Sum of paid due debts on the GEP Loan Book divided by the total due debts on the GEP Loan Book, to determine the collection rate   |
| <b>Means of verification</b>                              | Debtors Report   |
| <b>Assumptions</b>  | Due debts on GEP Loan Book collected   |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation Type</b>                                   | Cumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired Performance</b>                                | 15% collection rate of the Loan Book   |
| <b>Indicator Responsibility</b>                           | CFO  |

|                        |   |
|------------------------|---|
| <b>Indicator Title</b> | <b>Percentage of loans committed from the SMME Partnership programme</b>  |
| <b>Definition</b>      | This indicator measures loans committed against the SMME Partnership budget.<br><br>Loans committed are funds the SMME Partnership programme is willing to pay for received, assessed and adjudicated loan applications, if certain predetermined conditions are met by the applicants.<br><br>The SMME Partnership programme is a Partnership between GEP and the Industrial Development Corporation (IDC) and/or other Partners, to provide financial support to small enterprises. GEP and IDC and/or other Partners will contribute equal funds to the programme. The programme is inclusive of the Rebuilding Fund and Township Economic Development Fund. |
| <b>Source of data</b>  | Loan Approval List  |

|   |   |
|---|---|
| <b>Method of Calculation / Assessment</b>                 | Sum of rand value of committed loans from the SMME Partnership programme divided by total budget for the SMME Partnership programme, to determine the percentage of committed loans |
| <b>Means of verification</b>                              | Management and/or Board Committee Resolutions   |
| <b>Assumptions</b>  | Approved applications committed   |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation Type</b>                                   | Cumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired Performance</b>                                | <u>Higher than targeted performance is desirable:</u><br>100% of approved loans committed from the SMME Partnership programme   |
| <b>Indicator Responsibility</b>                           | Senior Manager: Resource Mobilisation and Partnerships  |

|   |   |
|---|---|
| <b>Indicator Title</b>                    | <b>Percentage of loans committed from the SMME Property Fund</b>  |
| <b>Definition</b>                         | <p>This indicator measures loans committed against the SMME Property Fund budget.</p> <p>Loans committed are funds the SMME Property Fund is willing to pay for received, assessed and adjudicated loan applications, if certain predetermined conditions are met by the applicants.</p> <p>The SMME Property Fund is a Fund funded through a partnership between GEP and Pareto Limited and/or other Partners, to provide financial support to small enterprises in the property sector. GEP and Pareto and/or other Partners, contribute equal funds to the Fund.</p> |
| <b>Source of data</b>                     | Loan Approval List  |
| <b>Method of Calculation / Assessment</b> | Sum of rand value of committed loans from the SMME Property Fund divided by the total budget of the SMME Property Fund, to determine the percentage of committed loans  |
| <b>Means of verification</b>              | Management and Board Committee Resolutions  |
| <b>Assumptions</b>                        | Approved loan applications committed  |

|   |   |
|---|---|
| <b>Disaggregation of Beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation Type</b>                                   | Cumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired Performance</b>                                | <u>Higher than targeted performance is desirable:</u><br>100% of approved loans committed from the SMME Property Fund |
| <b>Indicator Responsibility</b>                           | Senior Manager: Resource Mobilisation and Partnerships  |

|   |   |
|---|---|
| <b>Indicator Title</b>                                    | <b>Percentage of loans committed from the Township Fund</b>   |
| <b>Definition</b>   | <p>This indicator measures loans committed against the Township Fund budget.</p> <p>Loans committed are funds the Township Fund is willing to pay for received, assessed and adjudicated loan applications, if certain predetermined conditions are met by the applicants.</p> <p>The Township Fund is a Fund established to provide funding to township-based small enterprises in accordance with the provisions of the Gauteng Township Economic Development Bill.</p> |
| <b>Source of data</b>                                     | Loan Approval List  |
| <b>Method of Calculation / Assessment</b>                 | Sum of rand value of committed loans from the Township Fund divided by total budget of the Township Fund, to determine the percentage of committed loans  |
| <b>Means of verification</b>                              | Management and/or Board Committee Resolutions   |
| <b>Assumptions</b>  | Approved loan applications committed  |
| <b>Disaggregation of Beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |

|                                 |  |
|---------------------------------|--|
| <b>Calculation Type</b>         | Cumulative   |
| <b>Reporting Cycle</b>          | Quarterly  |
| <b>Desired Performance</b>      | <u>Higher than targeted performance is desirable:</u><br>100% of approved loans committed from the Township Fund |
| <b>Indicator Responsibility</b> | Senior Manager: Resource Mobilisation and Partnerships   |

## ANNEXURES TO THE ANNUAL PERFORMANCE PLAN

### ANNEXURE A: AMENDMENTS TO THE STRATEGIC PLAN

Key changes from the 20/21 – 2024/25 strategy

| Old  | New  |
|--|--|
| <b>Vision</b><br><br>Sustainable SMMEs and Cooperatives propelled into the mainstream economy of Gauteng | <b>Vision</b><br><br>Responsive and impactful propeller for sustainable business enterprises in the Gauteng Province |

**Mission:**

- Promoting entrepreneurship, mobilising resources, and facilitating an integrated approach to entrepreneurial development and support within the province
- Providing financial and non-financial support for the growth and sustainability of small enterprises; and

**Mission:**

- Establishing a high performing professional, ethical and capable institution;
- Promoting entrepreneurship and facilitating an integrated approach to entrepreneurial development and support within the Province;

|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>Facilitating investment in high impact business enterprises that transform the structure and competitiveness of industrial sectors</li> </ul> | <ul style="list-style-type: none"> <li>Creating Strategic Partnerships with a range of institutions for sustainable SMME and Cooperative development and support;</li> <li>Developing innovative financial solutions, tools and channels to speedup increased market participation in the provision of affordable finance;</li> <li>Facilitating investment in high-impact business enterprises that transform the structure and competitiveness of industrial sectors.</li> </ul> |
| <b>GEP STRATEGIC OUTCOMES</b>  |  |
| Increased resources mobilised to support entrepreneurial development within the Gauteng City Region  | Improved Balance Sheet to support small enterprises;   |
| Increased access to procurement opportunities for township enterprises and enterprises owned by targeted groups (black, women, youth, PwD and MV)                                    | Increased contribution of small enterprises in the Gauteng economy.  |
| Increased number of supported small enterprises that are sustainable and creating jobs   | Sustainable enterprises that create and maintain jobs.   |
| Increased participation of black-owned business enterprises in historically monopolised industrial sectors   | Sustainable Black-owned industrial enterprises participating in high growth sectors.   |
| GEP Strategic Pillars (Inputs added on the Promote, Mobilise and Integrate Pillar)   |  |

|  |  |
|--|--|
|  | Resource Aggregator Model                            |
|  | Agglomeration Economies (Industrial sector Clusters) |
|  | Localisation   |

## ANNEXURE B: CONDITIONAL GRANTS

Not applicable to the Gauteng Enterprise Propeller.

## ANNEXURE C: CONSOLIDATED INDICATORS

Not applicable to the Gauteng Enterprise Propeller.

## ANNEXURE D: DISTRICT DEVELOPMENT MODEL

Not applicable to the Gauteng Enterprise Propeller.

## 9. INFRASTRUCTURE PROJECTS

Not applicable to the Enterprise Propeller.