

Moulding Entrepreneurs

Together, Moving Gauteng City Region Forward



GAUTENG ENTERPRISE PROPELLER

REVISED ANNUAL PERFORMANCE PLAN

2017/2018



FOREWORD

In his 2017 State of the Nation Address (SONA), the President of the Republic of South Africa, highlighted the need for a change in the structure, patterns of ownership, management and control of the economy to the benefit of all South Africans, especially the poor, the majority of whom are African and female. The role of the State in driving towards transformation and economic emancipation for the citizens of South Africa, as observed by the President, centres on empowering the majority of black people who are still economically disempowered and dissatisfied with the economic gains from South Africa's liberation. In keeping with government's vision of radical economic transformation and ensuring a more inclusive economy across all sectors, the focus of government will thus remain on providing support to new players in the economy and providing previously disadvantaged South Africans opportunities for greater participation in the economy as this will lead to a more dynamic, competitive and inclusive economy.

The 2017 State of the Province Address (SOPA) by the Premier, Honourable David Makhura, stated that despite the sluggish growth of the global and domestic economy over the past two years, the Gauteng province has resiliently remained as the economic and industrial hub of South Africa and the SADC region. The province has also recorded the largest nett gain in new jobs created since the 2008 global financial crisis as the provincial economy created more than 700 000 new jobs between 2010 and end of 2016. The Premier, however, also highlighted provincial challenges such as dynamic job losses in the mining and manufacturing sectors, a rising influx of migrants into Gauteng, and high levels of youth unemployment. The Gauteng Enterprise Propeller's (GEP) mandate finds expression in addressing the challenges highlighted by the Premier as the Agency's core focus is on increasing the participation of Small, Medium and Micro Enterprises (SMMEs) in the Province's mainstream economy.

Based on the pronouncements made by the President and Premier the GEP will, through the implementation of high impact projects in key sectors of the economy, continue to respond to the needs of township-based Co-operatives (Co-ops) and SMMEs. This requires GEP interventions with a strong focus on minority townships which aggressively respond to the triple challenges of poverty, inequality and unemployment that remain a burden to the Gauteng Province. The provision of financial and non-financial support to SMMEs and Co-ops in the prioritised sectors of agro-processing, automotive, manufacturing, information and communications technology (ICT), tourism, pharmaceuticals, creative industries, construction, real estate, finance and mineral beneficiation have been central to GEP's approach in the 2016/17 financial year. The pre-determined objectives, key performance indicators and targets for 2017/18 as outlined in this Annual Performance Plan have been prepared in accordance with the GEP core mandate of increasing the participation of SMMEs and Co-ops in the Province's mainstream economy and this plan, further seeks to ensure the inclusion of youth owned businesses in

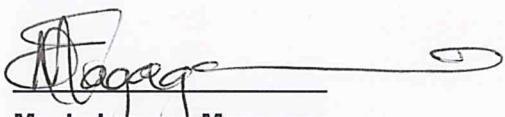
skills development and job creation opportunities. In line with the newly approved Gauteng City Region (GCR) Economic Plan, GEP will play a pivotal role in transforming the Gauteng township economy by focusing on the implementation of the following key projects in the 2017/18 financial year:

- Township Economic Revitalisation (TER) - providing financial support to township – based SMMEs, in line with the provincial TER strategy, with the aim of propelling their participation in the mainstream economy;
- Support to Informal Businesses - provision of Business Development Support (BDS) interventions to township – based informal businesses with the aim of enabling them to graduate from the informal economy to the mainstream economy in line with the Gauteng Informal Business Upliftment Strategy (GIBUS);
- Booster Pitching Programme – which provides township-based youth and non-youth SMMEs an opportunity to present innovative business ideas to corporates, investors and other entrepreneurs in order to qualify for Business Development Support. GEP support is aimed at equipping entrepreneurs with adequate business knowledge and skills to ensure their proposals are viable and investment – ready;
- Youth Accelerator Programme – which seeks to enhance job creation for youth, reduce poverty, and increase the potential of youth to become active participants in the Gauteng economy;
- Supporting Bakery Clusters – to provide non-financial support to township – based bakeries and enable SMMEs to grow their bread – production capacity, create employment and operate optimally;
- Supporting the Footwear Industry – to provide capacity building interventions to SMMEs in the footwear manufacturing sector in order to enhance their contribution to the economy;
- Support SMMEs in the priority sectors - to provide non-financial support to SMMEs in Manufacturing, Mineral Beneficiation, Agriculture, Services and Retail, ICT and Agro-Processing). Interventions to include training of SMMEs, mentorship, assistance with access to markets, providing productive and technical skills development opportunities;
- Support SMMEs in the Automotive Sector - non-financial support provided to township – based informal businesses in the automotive sector (i.e. training and formalisation of their businesses); and
- Supplier Development Programme – driving towards ensuring SMMEs supported by GEP benefit from both public and private sector procurement opportunities.

These programmes would assist in stimulating the local content, increasing ownership patterns in the previously marginalized regions and the creation of decent and sustainable jobs in the critical sectors of the economy. There has been an increase in the support of informal businesses and co-operatives support in tandem with the TER and TMR Strategies.

In response to the call for township economy transformation GEP will embark on handholding interventions for SMMEs in order to create sustainable businesses. These interventions will provide manufacturing and productive skills, access to markets, graduation and rating of SMMEs, access to funding, project preparation and profiling businesses to attract investment and other funding mechanisms. This long-term programme seeks to reduce the high failure rate of SMMEs, increase funding support and create businesses that would assist in re-industrializing and resuscitating the ailing Gauteng economy.

The GEP Board is committed to utilising this Annual Performance Plan as a vehicle that will ensure Gauteng SMMEs and Co-operatives are provided with the necessary support to enable them to play a more active role in the mainstream economy and contribute to the creation of employment and reduction of poverty in the province.



Ms. Lebogang Magagane

Chairperson of the Board

Gauteng Enterprise Propeller

Date: 21/9/17

OFFICIAL SIGN OFF

It is hereby certified that this Annual Performance Plan:

- Was revised by the management of the Gauteng Enterprise Propeller under the guidance of Gauteng Department Economic Development (GDED) MEC: Mr. Lebogang Maile and the GEP Board;
- Was prepared in line with the revised 2015 – 2019 Strategic Plan of the Gauteng Enterprise Propeller; and
- Accurately reflects the performance targets which the Gauteng Enterprise Propeller will endeavour to achieve given the resources made available in the budget for 2017/18.

Ms. Karabo Nokoane
Acting Chief Financial Officer

Signature: 
 Date: 21/09/2017

Ms. Vuyokazi Ntshoko
Head Official Responsible for Planning

Signature: 
 Date: 21-09-2017

Ms. Leah Manenzhe
Acting Accounting Officer

Signature: 
 Date: 21. 09. 17

Ms. Lebogang Magagane
Chairperson of the Board

Signature: 
 Date: 21/09/2017

Recommended for Approval by:
Ms. Phindile Mbanjwa
GDED Head of Department

Signature: 
 Date: 29/09/2017

Approved by:
Mr. Lebogang Maile
Member of the Executive Council

Signature: 
 Date: 29 | a | 2017

List of Acronyms

AIDC	Automotive Industry Development Centre
APP	Annual Performance Plan
BDS	Business Development Support
CAP	Cooperative Assistance Programme
CIPC	Companies and Intellectual Property Commission
Co-Ops	Co-operatives
GDED	Gauteng Department of Economic Development
ES	Enterprise Support
G2055	Gauteng Vision 2055
GCR	Gauteng City Region
GDED	Gauteng Department of Economic Development
GEP	Gauteng Enterprise Propeller
GIBUS	Gauteng Informal Business Upliftment Strategy
GM	General Manager
GPG	Gauteng Provincial Government
IBASA	Institute of Business Advisors South Africa
ICT	Information and Communications Technology
IM	Investment Management
MEC	Member of the Executive Council
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
RO	Regional Operations
PESTLE	Political, Economic, Social, Technological, Legal and Environmental
POA	Programme of Action
PWD	Person with Disabilities
SADC	Southern African Development Community
SEFA	Small Enterprise Finance Agency
SMME	Small, Medium and Micro Enterprises
SONA	State of the Nation Address
SOPA	State of the Province Address
SWOT	Strengths, Weaknesses, Opportunities and Threats
TBR	Township Business Renewal
TER	Township Economic Revitalisation
TMR	Transformation, Modernisation and Reindustrialisation

Contents

List of Acronyms	6
PART A: STRATEGIC OVERVIEW	8
1. Updated Situational Analysis	8
1.1 Mandate and Role of GEP.....	8
1.2 Performance Delivery Environment.....	8
1.3 Alignment to National Development Plan (NDP), Medium Term Strategic Framework (MTSF).....	11
2. An Overview of the Demand for GEP Services	14
3. Emerging Trends and Performance Objectives of the Agency	15
4. Organisational Environment	16
5. Revisions to Legislative and other Mandates	18
6. GEP PESTLE and SWOT Analysis	19
7. Overview of 2017/18 Budget and MTEF Estimates	20
7.1 Expenditure Estimates	20
7.2 Economic Classification	21
7.3 Relating Expenditure Trends to Strategic Outcome Oriented Goals.....	22
PART B: PROGRAMME AND SUBPROGRAMME PLANS	23
8. Programme 1: Administration.....	24
8.1 Programme 1 Strategic Objectives	25
8.2 Expenditure Estimates – Administration	26
9. Programme 2: Investment Management.....	27
9.1 Strategic Objectives and Annual Targets for 2017/18	27
9.2 Performance Indicators and Annual Targets for 2017/18	28
9.3 Quarterly Targets for 2017/18	28
9.4 Expenditure Estimates – Investment Management	29
9.5 Performance and Expenditure Trends	30
10. Programme 3: Enterprise Support	31
10.1 Strategic Objectives and Annual Targets for 2017/18	32
10.2 Performance Indicators and Annual Targets for 2017/18	33
10.3 Quarterly Targets for 2017/18	34
10.4 Expenditure Estimates - Enterprise Support	35
10.5 Performance and Expenditure Trends	36
11. PROGRAMME 4: REGIONAL OPERATIONS	37
11.1 Strategic Objectives and Annual Targets for 2017/18	38
11.2 Performance Indicators and Annual Targets for 2017/18	39
11.3 Quarterly Targets for 2017/18	41
11.5 Performance and Expenditure Trends	44
PART C: LINKS TO OTHER PLANS	45
12. Links to the Long-Term Infrastructure and Other Capital Plans	45
13. Conditional Grants.....	45
14. Public Entities	45
15. Public – Private Partnerships	45
Annexure A: Background on GEP's Strategic Shift.....	46
Annexure B: Technical Indicator Descriptions	47

PART A: STRATEGIC OVERVIEW

1. Updated Situational Analysis

The Gauteng Enterprise Propeller is an agency established by, and accountable to the Gauteng Department of Economic Development (GDED), the GEP mandate, vision, mission, values and strategic objectives all stem from those of the GDED. The mandate of the GDED itself is aligned to the political and socio-economic development directives of National Government and the Gauteng Provincial Government (GPG).

1.1 Mandate and Role of GEP

The mandate of the Agency as primarily derived from the Gauteng Enterprise Propeller Act, (No. 5 of 2005) and the province's Transformation, Modernisation and Reindustrialisation (TMR) strategy requires GEP to drive:

- the revitalisation of township economies,
- enhanced participation of SMMEs and Co-ops in the Province's mainstream economy, and
- the growth and development of the 11 identified sectors, i.e. the agro-processing, automotive, manufacturing, information and communications technology (ICT), tourism, pharmaceuticals, creative industries, construction, real estate, finance and mineral beneficiation.

1.2 Performance Delivery Environment

A report developed by the Agency Review Committee in the 2015/16 financial year indicated that GEP lacked a specific targeted approach on SMME development and tried to be "everything to everyone". As a consequence of this, GEP developed a revised 2015 – 2019 Strategy focusing on the development of sustainable businesses with a long-term objective of supporting SMMEs to move or graduate from the marginal (informal) into the mainstream economy, hence the current Agency's approach is geared more towards handholding (business development support) and providing less financial support to SMMEs. This will assist to strengthen the capacity of SMMEs and co-operatives to participate in a more meaningful manner in an economy dominated by big businesses.

The above – mentioned revision to the GEP strategy in the 2016/17 financial year further necessitated a review of the Agency's vision and mission to ensure greater alignment to the current economic development agenda of the province, the National Development Plan (NDP), Gauteng City Region Economic Plan and the Gauteng Township Revitalisation Strategy.

In the 2015/16 Financial Year, a total of 3 786 SMMEs benefited from non-financial support interventions provided by GEP. Of these 775 SMMEs were assisted with Business Development Interventions, while the remaining 3 011 SMMEs were provided with training and business registration support. A total of 661 SMMEs received Financial Support through the Township Business Renewal Programme (TBR), Community Fund, Micro and Captive loans.

GEP financially supported 504 SMMEs in the 1st three quarters of the 2016/17 financial year. Non-financial support interventions were provided to 1620 SMMEs, which included the Township Business Renewal Programme (TBR); Community Fund; SMME support with access to markets; Providing productive and technical skills and Business Development Support Interventions (Business Plans, Marketing Tools, Financial Management Systems, Training, Mentorship etc.), whilst 376 Co-operatives were supported with Non-Financial interventions. It is envisaged that the Agency will provide non-financial support to 1680 SMMEs and 324 Co-operatives in the final quarter of the 2016/2017 financial year. The demand for capacitation and formalization through CIPC Registrations by Informal businesses persisted in the period under review. In this regard, 640 Informal businesses were supported through Business Training and CIPC Registrations, exceeding the targeted 500 Informal businesses.

In the 2015/16 Financial Year, 648 jobs were sustained by SMMEs, while 640 jobs were sustained by Co-operatives supported by GEP. There are 2 002 jobs that have been sustained by SMMEs and Co-operatives supported non-financially by the Agency in 2016/17. An additional 641 jobs created by SMMEs and Co-ops supported financially by GEP in 2016/17.

Through the successful implementation of this Annual Performance Plan, 700 SMMEs will be supported financially by GEP with a total of 2 000 SMMEs further benefiting from non-financial support interventions in the 2017/2018 financial year. The Agency's financial and non-financial support interventions to SMMEs in the 2017/18 financial period will see an increase in the number of jobs created and sustained across different sectors.

Studies have, however, proven that most businesses, especially start-up and emerging SMMEs continue to have a low survival rate as most of these businesses fail to transcend the 18th month threshold. A lack of business skills and entrepreneurship cognition are cited as the major causes of the failure rate. The recent studies on enterprises in Gauteng alluded to the fact that the majority of the people resort to doing business due to retrenchment, unemployment, poverty and inadequate access to resources. The TER Programme seeks to stimulate the local economies through the creation of sustainable businesses that would participate meaningfully in the economy.

A programme to create sustainable businesses and assist SMMEs with requisite capabilities to move into manufacturing and productive space is being developed. The major focus of GEP would be on handholding and provision of development support to the level of attracting access to funding, markets and/or investors.

It is worth noting that SMMEs who qualified for GEP funding were provided with such whilst others who did not qualify were non-financially supported in various ways. The non-financial support interventions included the development of business plans, skills-development training, business management training, marketing material and website development amongst others. These interventions were aimed at providing manufacturing and business management skills to SMMEs, access to markets, access to funding, project preparation and profile businesses to attract investments and other funding mechanisms.

It is envisaged that once fully operational all the projects approved by GEP in the 2016/17 financial year will create an estimated 3 542 jobs. A number of high impact projects were implemented by GEP in 2016/17 and these include amongst the Youth Accelerated Programme – aimed at providing training and employment opportunities for youth, the Ecowash project – aimed at establishing sustainable water saving carwashes across Gauteng, the Easy Pap project – which empowered a black manufacturer within a scarce industrial sector in alignment with TMR, Waste Management, Meat Production and Processing, Bread Production etc. The Youth Accelerator Programme (Project Vuthela) a three – year programme aimed at reducing youth unemployment which was launched in June 2016, provided training to 1 036 young people and placed an additional 165 youths in various Corporates in the first three quarters of 2016/17. In the 2017/18 financial year, GEP will focus on increasing the number of SMMEs benefiting from the Youth Accelerator programme with a view to reduce the high rate of youth unemployment.

In the 2017/2018 financial year, GEP will provide financial support to 700 SMMEs, in line with the Township Economy Revitalization Strategy. These businesses will mostly remain funded through loans, the Community Fund and the Township Business Renewal programme. Non-financial support interventions will be provided to 2000 SMMEs. To encounter the high demand for formalization of Informal businesses, 1500 Informal Businesses will benefit from GEP Business Development Support Interventions.

Realising the high failure rate of SMMEs, GEP has adopted a handholding developmental approach which intends to assist in creating sustainable businesses. The organisation plans to increase development support and prepare SMMEs to the level of accessing funding, markets and graduation into the manufacturing space. Tools and measures to enhance the growth and development of SMMEs such as an Entrepreneurship Monitor / Observatory and an SMME Growth Index will be developed in the 2017/18 financial year as part of the SMME and Co-operatives Ecosystem. As part of its efforts to enhance its support to the SMMEs in the province GEP continues to mobilise institutions of higher learning and investors amongst other stakeholders.

1.3 Alignment to National Development Plan (NDP), Medium Term Strategic Framework (MTSF)

1.3.1 Alignment to NDP and MTSF Outcomes

The NDP is essentially government's long term plan for reducing poverty and inequality by creating employment, enhancing the growth of an inclusive economy and meeting the social needs of all. It offers a long-term perspective for government and advocates for the creation of 11 million jobs by 2030 with the aim of eliminating poverty and reducing inequality. This plan defines a desired destination and identifies the role different sectors of society need to play in reaching that goal. According to the plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.

Realising the NDP target is a direct responsibility of all government departments and other economic growth initiatives in all the three spheres of government. The GDED's Revised Strategic Plan for 2014-2019 indicates the economic development proposals of the NDP and the GEP can make a direct contribution to the following:

- Reducing the cost of regulatory compliance – especially for small and medium sized firms; and
- Supporting small business through better coordination of relevant agencies, development finance institutions, and public and private incubators.

The MTSF is government's Strategic Plan for the 2014-2019 electoral term. The MTSF seeks to ensure policy coherence, alignment and coordination across government plans as well as alignment with budgeting processes.

The GEP directly contributes to the following MTSF priorities:

- **Outcome 4:** Decent employment through inclusive economic growth – the Agency's priorities for 2015 - 2019 are centred around the revitalisation of township economies, and increasing the economic participation of SMMEs and Co-ops with the aim of creating jobs and promoting the inclusion of previously marginalised groups in the Gauteng's mainstream economy;
- **Outcome 5:** A skilled and capable workforce to support an inclusive growth path – in addition to internal programmes focused on providing training and development opportunities to its own employees, GEP has developed strategic partnerships with institutions of higher learning with a view to providing training and skills development opportunities to SMMEs and the youth in particular. Such skills would then increase the potential of unemployed youth to enter into formal employment and positively contribute to the economy;
- **Outcome 11:** Create a better South Africa and contribute to a better and safer Africa and World – GEP's success in propelling a greater number of SMMEs into the mainstream economy would positively impact on South Africa's role in the global economy; and
- **Outcome 12:** An efficient, effective and development oriented public service – In the 2016/17 financial year GEP has revised its organisational structure to enable the Agency to be more efficient in delivering on its mandate and more responsive to the needs of Gauteng businesses. The Agency will also continuously assess its policies and processes to ensure they support delivery on its strategy and further strive towards digital transformation as a vehicle towards improving GEP role as an enabler of SMMEs.

1.3.2 Alignment to Gauteng Vision 2055

Gauteng Vision 2055, essentially GPG's long term development plan for the Province, is aligned to the NDP Vision 2030 but takes into account Gauteng's context and reality. Its' conceptual framework consists of four (4) ideals with a collective total of 14 outcomes not dissimilar to the outcomes of the NDP and MTSF. Of these outcomes, the GEP's work is informed by the following specific outcomes:

- Decent employment through inclusive economic growth;
- Skilled and capable workforce to support an inclusive growth path;
- Creating a better South Africa and contributing to a better Africa in a better World; and
- An efficient and effective development oriented public service.

1.3.3 Alignment to the 2017 State of The Nation Address

The 2017 State of the Nation Address (SONA) emphasised the need for the State to play a role in the economy in order to drive economic transformation and ensure the inclusion of previously marginalised groups in all sectors of South Africa's economy as there can be no sustainability in any economy if the majority is excluded. The President emphasises the need to move beyond words, to practical programmes that will empower SMMEs to accelerate their growth. The SONA further highlights the need for government to utilise Broad-based Black Economic Empowerment charters, legislation and regulations such as the new regulations making it compulsory for big contractors to subcontract 30% of business to black-owned enterprises (gazetted on 20 January 2017) to influence the behaviour of the private sector and drive transformation. Through such regulations and programmes, government will be able to use the State buying power to empower small enterprises, rural and township enterprises, designated groups and to promote local industrial development. The GEP aims to provide Business Development Support to 100 SMMEs in the 2017/18 financial year through a Supplier Development Programme that will provide opportunities for small businesses to benefit from both private and public sector procurement.

GEP priorities for 2017/18 are also aligned to the SONA's key elements of the Nine Point Plan. These include the following:

- Unlocking the potential of SMMEs, co-operatives, township and rural enterprises – the Agency is striving to achieve this through the provision of financial and non-financial support interventions that will enhance the participation of township – based SMMEs in the mainstream economy, as well as, the graduation of informal businesses from the secondary economy to the first economy;
- Revitalisation of the Agriculture and agro-processing value-chain – GEP is to provide Business Development Support interventions in 2017/18 to SMMEs in the Agro-processing value chain, as well as, to SMMEs in the Maize Triangle (Ekurhuleni, West Rand and Sedibeng); and
- Scaling up the private sector investment - GEP support is aimed at equipping township-based SMMEs with adequate business knowledge and skills to ensure their proposals are viable and investment – ready. This will enhance the potential of small businesses to attract investors.

1.3.4 The Gauteng February 2017 SOPA

GEP continues to respond to the provincial Township Economy Revitalisation (TER) and Transformation, Modernisation and Reindustrialisation (TMR) strategies aimed at promoting the inclusion of township – based micro, small, and medium enterprises and co-operatives into mainstream economy of Gauteng and revitalise township economies.

The Agency continues to drive these two strategies by investing in SMME skills development, implementing interventions to transform the apartheid spatial economy and increasing support to SMMEs across the province's five economic corridors in order to position the SMME sector as a key driver of growth in the Gauteng economy.

In his 2017 February State of the Province Address (SOPA) the Premier, Honourable David Makhura, reiterated the importance of the following:

- The need to significantly reduce unemployment in the province by creating 600 000 new jobs over the two-year period of 2017 to 2019;
- The rapid implementation of the new Provincial Economic Development Plan in partnership with municipalities and social partners;
- Entrepreneurship development and business development support for the youth to enhance the employability of the youth and ignite the spirit of entrepreneurship among young people. The province aims to change the lives of more than 1 million young people by 2019.

The successful implementation of this Annual Performance Plan will assist GEP to actively contribute towards the provincial objectives relating to propelling SMME participation in the mainstream economy, reducing the unemployment rate and poverty alleviation. In keeping with the priorities outlined by the Premier in the 2017 SOPA, GEP will provide 1000 youths with non-financial support in the 2017/18 financial year through the Youth Accelerator Programme which seeks to promote youth entrepreneurship and reduce the youth unemployment rate.

2. An Overview of the Demand for GEP Services

Ntirhisano, the Gauteng province platform for community engagement indicates that GEP's products and support are in demand in various economic corridors of the province. These include amongst both the Business Development Support and the financial interventions. A baseline and a phase approach is required to ensure that these targets are achieved progressively and accumulatively to address the provincial demands.

GEP has a range of programmes in place to meet the growing demands of the organisation's services. The inability of SMMEs to benefit and procure from the provincial procurement plan would be addressed in the 2016/17 financial year. An integrated SMME Supplier Development Database earmarked to increase beneficiaries within the procurement system is being developed through the support of the AIDC Call Center whilst Universities have been mobilized to provide quality training to ensure that emerging township businesses meet the requirements. In line with the provincial 30% set aside, GEP has started to prioritise and cluster township businesses within the bakery sector whilst black businesses operating within the meat industry have been earmarked for development.

In the past, few businesses from the townships benefitted from the Gauteng Provincial Spend. The 30% set aside means provincial expenditure dedicated to support township businesses and increase their participation in the mainstream economy. Part of the 30% set aside is local content and the prioritisation of bread, meat and milk products. This would ensure the production of larger scale and bargaining as a collective, a trend and a model that appear to be successful, especially within the Retail sector. Support of this magnitude would assist township businesses in penetrating and unlocking the high barriers of entry in critical sectors dominated by cartels and few corporates such as the bread and the meat industries.

3. Emerging Trends and Performance Objectives of the Agency

The growing Gauteng provincial government mandate characterized by the newly developed strategies of TMR, TER, GIBUS and the GCR Economic Plan pose pressure on the small structure of GEP. Coupled with Ntirhisano and other community programmes, GEP's capacity and resources also need to grow as this will ensure an organisation that is responsive to the needs of the City Region. GEP was designed to respond to the market failures, especially the SMMEs within the survivalist category of 1-4. The challenge for GEP is to develop and expand in order to cope with the growing demands and new products emanating from the advent of TMR, TER and GIBUS.

The TMR agenda which focuses on high impact projects calls for the development of capacity and knowledge at this level. On the other hand, the Qondis'Ishishini Lakho programme and other response mechanisms also pose a challenge to the thinly-stretched capacity of GEP. The growing mandate or responsibilities has forced GEP to rethink its planning and priorities. Certain support functions such as research and development have over the past few years, experienced a reduction in budget and the employee complement. This will have an impact on the development and provision of just-in-time intelligence that assist in taking informed decisions. On the other hand certain positions have been adjusted and some removed to cater for the critical and core mandate of the organisation.

GEP has ensured that this does not compromise the performance of the organisation. Given the reduction in consumer confidence and the poor market performance, it is envisaged that some of the SMMEs receiving loans from GEP would struggle to re-pay according to the terms and conditions of the organisation. The current economic climate calls for smart interventions.

4. Organisational Environment

The structure of GEP has been revised in the 2016/17 financial year to enhance the Agency's efficiency and responsiveness to the needs of Gauteng businesses. The Agency's focus was on aligning its organisational structure to the mandate and strategy of GEP with the aim of ensuring that its human capital is fit-for-purpose in terms of delivering a value-for-money contribution towards the achievement of the 2015 – 2019 objectives as outlined in the revised GEP Strategic Plan, as well as, the TER and TMR strategies. In addressing the capacity and resource challenges, GEP has developed a new strategy and a new business unit dedicated to increasing the organisation's revenue stream to meet the growing demands of the GCR. The Resource Mobilisation division has also started to yield positive results and this has a potential to increase GEP's footprint within the Gauteng City Region.

Over the past few years, GEP experienced a reduced budget whilst its mandate and responsibilities grew. In addition to the growing demands on the agency and the shrinking operational budget there has also been a loss of critical and experienced GEP employees. The pronouncement of the TMR and the TER strategies gave birth to a new GEP Strategy which primarily intends to increase the provincial footprint in all the corridors and ensure the stimulation of the economy, encourage massive and active participation of SMMEs and Co-operatives, especially in the mainstream economy.

GEP has increased its footprint in the Gauteng City Region in line with the Premier's economic corridor approach and the Agency currently has representation in the following regions:

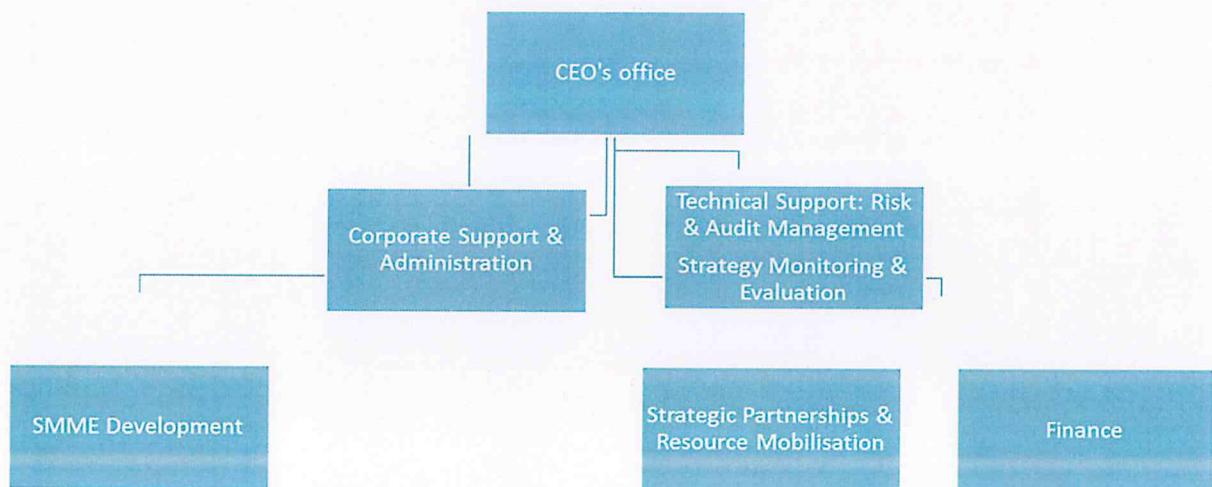
- Johannesburg Region: Central Development Corridor;
- Ekurhuleni Region: Eastern Development Corridor;
- Tshwane Region: Northern Development Corridor;
- Westrand Region: Western Corridor; and
- Sedibeng Region: Southern Corridor.

The increased GEP footprint will lead to improved accessibility of GEP products and services by SMMEs and Co-ops and further improve the Agency's reach to a greater number of township-based businesses. A budget that is responsive to the economic meltdown would thus assist in maintaining and creating new opportunities required to turn around the current situation and further bring the necessary stability and hope to Gauteng citizens.

The Agency continues to prioritise the filling of critical positions that will be pivotal to the delivery of its strategy. In re-enforcing its operational capacity, GEP has also mobilised the Institutions of higher learning through Memoranda of Understanding to ensure that they not only form part of the GCR but also bring new expertise required to drive the Gauteng development trajectory. Leveraging on the proximity of the institutions of higher learning will in turn enhance the realization of the necessary comparative advantages of the region and advance the corridor economy discourse.

The High Level Organisational Structure as depicted below was approved by the Board in the 2016/17 financial year and it comprises the following divisions:

GEP High Level Organisational Structure



The GEP structure is informed and aligned to the Agency's strategy which mirrors the broader GDED and the provincial mandate. The above-mentioned structure has a strong focus on the strengthening of the core units and the reduction of support functions. This alignment would ensure that more resources get allocated to the core businesses in order to fulfil GEP and the provincial mandate of increasing support to SMMEs. The process of aligning the Agency to new organisational structure will not have any impact on the implementation of the 2017/18 as the capacitation of the delivery machinery (core units) has been prioritised.

5. Revisions to Legislative and other Mandates

The Agency and GDED have embarked on a process of reviewing the GEP founding legislation, the Gauteng Enterprise Propeller Act, (No. 5 of 2005) in order to ensure it reflects the Political, Strategic and other External and Internal contexts that have impacted on GEP since its inception. This will assist the organisation in responding to the new mandate and aligning to the key GDED, provincial and national plans.

6. GEP PESTLE and SWOT Analysis

PESTLE ANALYSIS

Political	Economic
<ul style="list-style-type: none"> • National Development Plan • 2017 SONA • 2017 SOPA • Township Economy Revitalisation • GEP Act • GPG 10 – Pillar Programme (TMR) • 2016/17 – 2017/18 IPAP 	<ul style="list-style-type: none"> • Decline of employment rate in Manufacturing Sector • Youth Unemployment • Low Economic Growth • Mortality Rate of SMMEs • High Inflation Rate (above 6%) • Exchange Rate Instability
Social	Technological
<ul style="list-style-type: none"> • Gender Bias • Substance Abuse • Low Entrepreneurship • Poor Work Culture • Immigration 	<ul style="list-style-type: none"> • Obsolete Production Technology • Inadequate Investment in SMME Research and Development • Lack of Innovation
Legal	Environmental
<ul style="list-style-type: none"> • Municipal By-Laws • Unregulated Business Rental Market • Illegal Substitute Goods 	<ul style="list-style-type: none"> • Climate Change • Drought

SWOT ANALYSIS

Strength: <ul style="list-style-type: none"> • Accessibility and geographical spread • Experienced and skillful staff • Increased footprints within the GCR • Support from the shareholders • Center of all the critical strategies to drive the Gauteng's economy (TER, TMR, GIBUS, GCR Economic Plan, Gauteng Skills Master Plan etc); • Employment of new employees to enhance GEP capacity 	Weaknesses: <ul style="list-style-type: none"> • Poor communication • Low response rate • Inadequate employee development • Poor debt management • Salary disparities • Lack of a retention policy • Inadequate collaboration and internal collaboration
Opportunities: <ul style="list-style-type: none"> • Amendment of the GEP Act (TER & TMR) • Partnerships with external stakeholders and private businesses • New impact project • Management of reputational risk • Mobile offices • Online application • Increase demand of GEP services 	Threats: <ul style="list-style-type: none"> • Loss of skilled employees • Growing work load and thinly-stretched capacity • Reputational Risk • Low debt recovery

7. Overview of 2017/18 Budget and MTEF Estimates

7.1 Expenditure Estimates

	Audited Outcome		Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-Term Estimates	
	2013/14 R'000	2014/15 R'000				2017/18 R'000	2018/19 R'000
Programmes							
Programme 1: Administration	26 316	39 131	135 086	59 351	73 607	73 607	108 458
Programme 2: Investment Management	48 721	48 293	19 684	25 487	40 531	40 531	96 587
Programme 3: Enterprise Support	15 856	11 457	18 286	14 246	15 246	15 246	51 790
Programme 4: Regional Operations	37 554	37 410	117 382	77 334	107 334	107 334	12 858
Total payments and estimates	128 447	136 291	290 438	176 418	236 718	236 718	222 374
							217 336
							229 507

7.2 Economic Classification

Economic Classification	Outcome		Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates	
	2013/14 R'000	2014/15 R'000	2015/16 R'000	2016/17 R'000	2017/18 R'000	2018/19 R'000	2019/20 R'000
Compensation of Employees	63 892	70 308	84 327	98 021	95 021	102 400	110 948
Operational and Maintenance Costs	30 237	31 828	33 504	25 000	38 000	38 974	24 888
Programme / Project Implementation Costs	31 818	30 655	171 916	53 397	98 697	80 000	80 000
Capital (Infrastructure)	2 500	3 500	691	-	5 000	5 000	1 500
Total economic classification	128 447	136 291	290 438	176 418	236 718	222 374	217 336
							229 507

7.3 Relating Expenditure Trends to Strategic Outcome Oriented Goals

In the 2015/16 financial year, the Agency's expenditure amounted to R241.9 million in comparison to the R206.5 million of 2014/15. The Agency's initial budget allocation for 2016/17 amounted to R176.4 million with an additional amount of R60.3 million provided to GEP through an adjustment budget to mainly cater for the Agency's TER and Youth support programmes. This resulted in a total 2016/17 allocation of R236.7 million and the biggest portion was allocated to Programme 4: Regional Operations in line with the key provincial strategies such as the Township Economic Revitalisation and the Gauteng Informal Business Upliftment Strategy.

The budget allocation for 2017/18 will total R222.4 million and this amount will increase to R217.3 million and R229.5 million respectively in the 2018/19 and 2019/20 financial years. The 2017/18 budget resonates with GEP's strategy of gravitating towards developmental support and will thus see more support geared towards the provision of non-financial support interventions to SMMEs and the creation of sustainable SMMEs and Co-operatives.

PART B: PROGRAMME AND SUBPROGRAMME PLANS

8. Programme 1: Administration

BUDGET PROGRAMME	PURPOSE	SUB-PROGRAMMES	FUNCTIONS
Administration	To provide strategic leadership to GEP that encompasses supporting human capital solutions, forging sustainable partnerships with stakeholders, promotion of fiscal discipline and providing an enabling environment for SMME's and Co-operatives towards job creation.	Office of the CEO	<ul style="list-style-type: none"> ▪ Provides strategic direction to the Agency; ▪ Oversees service delivery and implementation of GEP plans; ▪ Risk Management; ▪ Strategic Planning, Monitoring and Evaluation; ▪ Strategic Partnerships; and ▪ Legal Advisory Services.
		Office of the Chief Financial Officer	<ul style="list-style-type: none"> ▪ Financial Management; ▪ Management Accounting; and ▪ Supply Chain Management.
		Corporate Support and Administration	<ul style="list-style-type: none"> ▪ Human Capital Management; ▪ Communications, Marketing and Branding; ▪ Information and Communication Technology.

The Programme **contributes directly** to the Agency's **Strategic Goal 3**: GEP efficiently and effectively managed and governed; and **supports** delivery of: **Strategic Goal 1**: Gauteng's revitalised township economies contributing to shared economic growth and development; and **Strategic Goal 2**: Gauteng's SMMEs and Co-ops actively participating in the Province's mainstream economy, including in key economic sectors.

8.1 Programme 1 Strategic Objectives

The Administration Budget Programme Area works towards the following seven (7) strategic objectives:

1. Strategically lead, monitor and evaluate GEP's policies, programmes and projects.
2. Implement, timeously and to plan, all GEP's policies, programmes and projects.
3. Ensure prudent, compliant and efficient financial, accounting and supply chain services.
4. Create awareness of GEP's services and products through rigorous marketing and communication services.
5. Efficiently and effectively manage GEP's Information Communication and related Technologies, and general facilities services.
6. Provide sound legal, governance, risk and compliance services.
7. Deliver efficient and effective corporate services.

8.2 Expenditure Estimates – Administration

Summary of payments and estimates by Sub-Programme: Administration

	Outcome		Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates	
	2013/14 R'000	2014/15 R'000	2015/16 R'000	2016/17 R'000	2017/18 R'000	2018/19 R'000	2019/20 R'000
Programme							
Programme 1: Administration	26 316	39 131	135 086	59 351	73 607	73 607	108 458
Total payments and estimates	26 316	39 131	135 086	59 351	73 607	73 607	108 458
						96 587	102 226

Estimates by Economic Classification

Summary of Payments and Estimates by Economic Classification: Administration

Economic Classification	Outcome		Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates	
	2013/14 R'000	2014/15 R'000	2015/16 R'000	2016/17 R'000	2017/18 R'000	2018/19 R'000	2019/20 R'000
Compensation of employees	26 316	30 759	39 358	26 316	26 316	26 316	51 658
Goods and services	-	8 372	95 728	33 035	47291	53 200	39 081
Total	26 316	39 131	135 086	59 351	73 607	108 458	96 587
							102 226

9. Programme 2: Investment Management

BUDGET PROGRAMME	PURPOSE	SUB-PROGRAMMES	FUNCTIONS
Investment Management	<p>To provide unique and tailored financial services.</p> <p>To provide efficient and professional loans and investment management for GEP and to actively contribute towards GEP's goals and objectives of SMME development, job creation and poverty alleviation.</p>	Loan Management	<ul style="list-style-type: none"> ▪ Funding of SMMEs, Co-operatives and Informal Traders.

The Investment Management Programme will work towards the following Strategic Objective:
 Provide unique and tailored financial support services that propel SMMEs into the mainstream economy, revitalises township economies and grows the key economic sectors.

9.1 Strategic Objectives and Annual Targets for 2017/18

Strategic Objective	Strategic Objective Indicator	Audited/Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Provide unique and tailored financial support services that propel SMMEs into the mainstream economy, revitalises township economies and grows the key economic sectors.	Township-based SMMEs / businesses benefitted from TMR programmes	1768	1316	669	708	700	850	900

9.2 Performance Indicators and Annual Targets for 2017/18

Strategic Objective	Audited/Actual Performance			Estimated Performance 2016/17	Medium-Term Targets			
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20	
1. Provide unique and tailored financial support services that propel SMMEs into the mainstream economy, revitalises township economies and grows the key economic sectors.								
Performance Indicators								
1.1 Number of SMMEs supported financially in the prioritized sectors	1768	1316	661	708	700	850	900	

9.3 Quarterly Targets for 2017/18

Performance Indicator	Reporting Responsibility	Reporting Period	Annual Target 2017/18	Quarterly Targets			
				1st	2 nd	3 rd	4 th
1. Provide unique and tailored financial support services that propel SMMEs into the mainstream economy, revitalises township economies and grows the key economic sectors							
1.1 Number of SMMEs supported financially in the prioritized sectors	IM	Quarterly	700	140	230	230	100

9.4 Expenditure Estimates – Investment Management

Summary of payments and estimates by Sub-Programme: Investment Management

		Outcome		Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Programme	2013/14 R'000	2014/15 R'000	2015/16 R'000		2016/17 R'000		2017/18 R'000	2018/19 R'000	2019/20 R'000
Programme 2: Investment Management	48 721	48 293	19 684	30 531	30 531	30 531	49 014	51 790	54 729
Total payments and estimates	48 721	48 293	19 684	30 531	30 531	30 531	49 014	51 790	54 729

Estimates by Economic Classification

Summary of Payments and Estimates by Economic Classification: Investment Management

		Outcome		Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Economic Classification	2013/14 R'000	2014/15 R'000	2015/16 R'000		2016/17 R'000		2017/18 R'000	2018/19 R'000	2019/20 R'000
Compensation of employees	8 721	9 419	8 246	5 531	5 531	5 531	17 514	18 740	20 051
Goods and services	40 000	38 871	11 438	25 000	25 000	31 500	33 050	34 678	
Total	48 721	48 293	19 684	14 246	30 531	30 531	49 014	51 790	54 729

9.5 Performance and Expenditure Trends

The Investment Management Unit's exists to provide accessible and timeous financial solutions and to ensure increased funding of businesses owned by transversal groups. The unit achieves this through the provision of debt finance packaged into four products namely, start-up finance, contract finance, expansion finance and franchise finance. The TMR strategy provides a window of opportunity for the funding of high impact projects with significant economic multipliers and job creation potential. The TER strategy deliverables ensure support to township based enterprises through tailored funding packages and will continue to inform the GEP operations in the regions.

In the 2015/16 financial year, this programme achieved 40 captive loans against a target of 40 and 97 micro loans against a target of 100 micro loans. The spend was across 54% women owned businesses given a target of 40%, 28% youth owned business against a 30% target and 1% PWD owned businesses against the 2% target. The 2016/17 year-to-date achievements as at February 2017 reflected 41 captive loan approvals against an annual target of 50 and 89 micro loans against a target of 120. The outstanding captive and micro deals are anticipated to be achieved by the end of the financial year.

Over the MTEF period the Investment Management budget allocation amounts to R49 million for 2017/18 and this amount will increase to R51.8 million and R54.7 million respectively for the 2018/19 and 2019/20 financial years. The Investment Management allocation will comprise of direct lending, indirect lending, Gauteng entrepreneurship fund and GPG procurement fund in order to ensure that target set on the APP will be achieved. GEP's Investment Management capacity has been increased in line with the Agency's revised strategy. However, given the newly approved GEP strategy and the Agency Review recommendations, a reduction in loan funding is envisaged whilst more funding would be channelled into development interventions. Businesses requiring loan funding would be assisted with project preparation and be linked with other potential partners such as banking institutions, the Small Enterprise Finance Agency (SEFA) and other development finance institutions.

10. Programme 3: Enterprise Support

BUDGET PROGRAMME	PURPOSE	SUB- PROGRAMMES	FUNCTIONS
Enterprise Support	To provide unique and tailored non-financial and financial support to SMMEs, Co-operatives and the Informal businesses.	Business Development Support	<ul style="list-style-type: none"> ▪ Mentoring; ▪ Post Investment and Aftercare; ▪ Business Incubation; and ▪ Product Development.

The Enterprise Support Programme will work towards the following Strategic Objective:

Provide unique and tailored business development (non-financial) services that propel SMMEs into the mainstream economy, revitalises township economies and grows key economic sectors.

10.1 Strategic Objectives and Annual Targets for 2017/18

Strategic Objective	Strategic Objective Indicator	Audited/Actual Performance			Estimated Performance	Medium-Term Targets		
		2013/14	2014/15	2015/16		2016/17	2017/18	2018/19
1. Provide unique and tailored business development (non-financial) services that propel SMMEs into the mainstream economy, revitalises economies and grows key economic sectors	SMMEs, Co-operatives and Informal Traders benefitted from Township Enterprise Development programmes	-	-	-	-	2176	2175	1175

10.2 Performance Indicators and Annual Targets for 2017/18

Performance Indicator	Audited/Actual Performance			Estimated Performance	Medium-Term Targets		
	2013/14	2014/15	2015/16		2016/17	2017/18	2018/19
1. Provide unique and tailored business development (non-financial) services that propel SMMEs into the mainstream economy, revitalises township economies and grows key economic sectors							
1.1 Number of SMMEs supported through the Pitching Booster Programme	-	-	-	-	1000	1000	1000
1.2 Number of Youths benefitted from the Youth Accelerator Programme	-	-	-	-	1000	1000	-
1.3 Number of SMMEs benefitted from the Supplier Development Programme	-	-	-	-	100	100	100
1.4 Number of Informal businesses non-financially supported in the Automotive sector	-	-	-	-	75	75	75
1.5 Commercial Plan developed for the Construction Ecosystem Centre	-	-	-	-	1	-	-

10.3 Quarterly Targets for 2017/18

Performance Indicator	Reporting Responsibility	Reporting Period	Annual Target 2017/18	Quarterly Targets			
				1st	2nd	3rd	4th
1. Provide unique and tailored business development (non-financial) services that propel SMMEs into the mainstream economy, revitalises township economies and grows key economic sectors							
1.1 Number of SMMEs supported through the Pitching Booster Programme	ES	Quarterly	1000	100	400	250	250
1.2 Number of Youths benefitted from the Youth Accelerator Programme	ES	Quarterly	1000	100	400	300	200
1.3 Number of SMMEs benefitted from the Supplier Development Programme	ES	Annually	100	-	-	100	-
1.4 Number of Informal businesses non-financially supported in the Automotive sector	ES	Annually	75	-	75	-	-
1.5 Commercial Plan developed for the Construction Ecosystem Centre	ES	Annually	1	-	-	1	-

10.4 Expenditure Estimates - Enterprise Support

Summary of Payments and Estimates by Sub-Programme: Enterprise Support

Programme	Outcome		Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates	
	2013/14 R'000	2014/15 R'000				2017/18 R'000	2018/19 R'000
Programme 3: Enterprise Support	12 457	11 457	18 286	14 246	14 246	12 858	13 523
Total payments and estimates	12 457	11 457	18 286	14 246	14 246	12 858	13 523
							14 224

Estimates by Economic Classification

Summary of payments and estimates by economic classification: Enterprise Support

Economic Classification	Outcome		Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates	
	2013/14 R'000	2014/15 R'000				2017/18 R'000	2018/19 R'000
Compensation of employees	6 957	7 514	7 909	8 246	8 246	8 658	9 113
Goods and services	5 500	3 943	10 377	6 000	6 000	4 200	4 410
Total economic classification	12 457	11 457	18 286	14 246	14 246	12 858	13 523
							14 224

10.5 Performance and Expenditure Trends

The Enterprise Support budget allocation assists with the development of tailor made SMME support programmes to improve the sustainability of businesses and Co-operatives. The enterprise and supplier development programmes further assist in linking SMMEs with access to opportunities. GEP continuously improves its product offerings in order to be competitive in the SMME development space and the 2017/18 focus areas will include the supplier development programme, which seeks to develop critical skills required by the economy and to expose SMMEs to private and public procurement opportunities. Transversal target groups are the priority of Enterprise Support with persons living with disabilities, women and youth being the main groups in the strengthening of enterprises to meaningfully participate in the main stream economy

Over the MTEF period the Enterprise Support budget allocation amounts to R12.85 million in 2017/18 and this amount will increase to R13.5 million and R14.2 million respectively for the 2018/19 and 2019/20 financial years. The measurement of GEP programmatic impact will play a crucial role in ensuring the realisation of return on investment on support given to SMMEs and Co-operatives and continuously improving on the GEP interventions provided to SMMEs. New products based on research and market analysis also need to be developed in order to enhance SMME profitability and sustainability.

Aftercare is one of the programmes that GEP uses to reach out to clients that would have been afforded loans to ensure that they assisted with enterprise development and any other related activities meant for the improvement of the client businesses. Product development is one of the intervention programmes used by GEP to develop products to be used for interventions in client businesses, to ensure that the products are in line with current trends and are suitable for the market being serviced by GEP.

Mentorship and Product design and development supports the GEP operations in terms of product development comprising of new products, systems and specific programmes targeted at supporting contribution towards transversal issues including, youth, women and persons with disabilities (PWDs). The partnered programmes resulting from product development comprise of mentorship, youth entrepreneurship, and PWD empowerment and supplier enterprise development.

Through mentorship programme in 2015/16 financial year, GEP assisted over 180 SMMEs in partnership with IBASA. GEP hosted youth Open days in partnership with municipalities post Ntirhisano community engagements. The approach of visiting communities will be further enhanced through the community engagement and project pitching sessions.

GEP will continue to partner with the Medical University of South Africa to assist SMMEs owned by PWDs with training and access to micro-finance opportunities.

11. PROGRAMME 4: REGIONAL OPERATIONS

BUDGET PROGRAMME	PURPOSE	SUB- PROGRAMMES	FUNCTIONS
Regional Operations	To provide business development support interventions that play a catalyst role in the transformation of township-based SMMEs, Co-operatives and Informal Traders into sustainable businesses.	Regional Offices	<ul style="list-style-type: none"> ▪ Provision of Business Development Support Interventions; ▪ Grant funding; ▪ CIPC Registrations; and ▪ Informal Traders Support

Programme 4 will work towards the achievement of the following Strategic Objectives:

1. All GEP Led Township Economies Revitalisation Strategy (TER) projects effectively implemented.
2. All GEP Led Gauteng Informal Business Upliftment Strategy (GIBUS) projects effectively implemented.

11.1 Strategic Objectives and Annual Targets for 2017/18

Strategic Objective Annual Targets	Strategic Objective Indicators	Audited/Actual Performance			Estimated Performance 2016/17	Medium-Term Targets	
		2013/14	2014/15	2015/16		2017/18	2018/19
1. All GEP Led Township Economies Revitalisation (TER) and Informal Business Upliftment Strategy (GIBUS) effectively implemented.	SIMME's, co-ops and informal business radically transformed	2139	6313	5798	2280	3684	4320

11.2 Performance Indicators and Annual Targets for 2017/18

Performance Indicator		Audited/Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1.	All GEP Led Township Economies Revitalisation (TER) and Gauteng Informal Business Upliftment Strategy (GIBUS) projects effectively implemented.							
1.1	Number of SMMEs non-financially supported in the prioritized sectors	1738	5330	3786	1640	2000	2510	2510
1.2	Number of SMMEs non-financially supported in the construction sector	-	-	-	-	30	40	50
1.3	Number of township - based Informal Businesses non-financially supported through Business Development Support interventions	401	983	2012	640	700	750	800
1.4	Number of Township-based Bakeries supported non-financially through Business Development Support interventions	-	-	-	-	15	25	25
1.5	Number of SMMEs supported non-financially through Business Development Support interventions in the Maize Triangle (Ekurhuleni, West Rand and Sedibeng)	-	-	-	-	9	15	15

Performance Indicator	Audited/Actual Performance			Estimated Performance 2016/17	Medium-Term Targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1.6 Number of township manufacturers supported to produce goods for local consumers	-	-	-	-	100	100	100
1.7 Number of SMMEs trained within the footwear industry	-	-	-	-	30	30	30
1.8 Number of Co-ops financially supported in the prioritized sectors	135	215	720	158	200	220	240
1.9 Number of Co-ops non-financially supported in the prioritized sectors	300	953	1646	400	400	500	600
1.10 Consolidated database of co-operatives supported through government programmes	-	-	-	1	-	-	-

11.3 Quarterly Targets for 2017/18

	Performance Indicator	Reporting Responsibility	Reporting Period	Annual Targets 2017/18	Quarterly Targets			
					1st	2nd	3rd	4th
1. All GEP Led Township Economies Revitalisation (TER) and Gauteng Informal Business Upliftment Strategy (GiBUS) projects effectively implemented.								
1.1	Number of SMMEs non-financially supported in the prioritized sectors	RO	Quarterly	2000	400	700	700	200
1.2	Number of SMMEs non-financially supported in the construction sector	RO	Annually	30	-	-	30	-
1.3	Number of township based Informal Businesses non-financially supported through Business Development Support interventions	RO	Bi-annually	700	-	600	100	-
1.4	Number of Township-based Bakeries supported non-financially through Business Development Support interventions	RO	Tri-annually	15	-	5	5	5
1.5	Number of SMMEs supported non-financially through Business Development Support interventions in the Maize Triangle (Ekurhuleni, West Rand and Sedibeng)	RO	Tri-annually	9	-	3	3	3
1.6	Number of township manufacturers supported to produce goods for local consumers	RO	Quarterly	100	25	40	25	10

Performance Indicator	Reporting Responsibility	Reporting Period	Annual Targets 2017/18	Quarterly Targets			
				1st	2nd	3rd	4th
1.7 Number of SMMEs trained within the footwear industry	RO	Annually	30	-	-	30	-
1.8 Number of Co-ops financially supported in the prioritized sectors	RO	Quarterly	200	30	70	70	30
1.9 Number of Co-ops non-financially supported in the prioritized sectors	RO	Quarterly	400	60	140	140	60
1.10 Consolidated database of co-operatives supported through government programmes	RO	Annually	-	-	-	-	1

11.4 Expenditure Estimates – Regional Operations

Summary of Payments and Estimates by Sub-Programme Regional Operations

Programme	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates
	2013/14 R'000	2014/15 R'000	2015/16 R'000	2016/17 R'000	2017/18 R'000	2018/19 R'000	2019/20 R'000
Programme 4: Regional Operations	37 554	37 410	117 382	82 334	82 334	52 044	55 436
Total payments and estimates	37 554	37 410	117 382	82 334	82 334	52 044	55 436
							58 328

Estimates by Economic Classification

Summary of Payments and Estimates by Economic Classification: Regional Operations

Economic Classification	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates
	2013/14 R'000	2014/15 R'000	2015/16 R'000	2016/17 R'000	2017/18 R'000	2018/19 R'000	2019/20 R'000
Compensation of employees	20 940	22 616	28 814	52 334	52 334	24 570	25 589
Goods and services	16 614	14 794	29 568	30 000	30 000	27 474	29 847
Total economic classification	37 554	37 410	117 382	82 334	82 334	52 044	55 436
							58 328

11.5 Performance and Expenditure Trends

The main purpose of the programme is to provide business development support to SMMEs and Co-operatives through a number of tailor made interventions. Through the programme SMMEs and Co-operatives receive financial and non-financial support which is aimed at addressing challenges faced by entrepreneurs during the infancy stages of their businesses. GEP through the Regional Operations has over the years supported a number of small businesses and co-operative with pre-funding interventions such as Skills Training, Technical Interventions as well as a variety of Business Development Support packages.

Over the MTEF this programme has been allocated a budget of R52 million for 2017/18 the financial year, as well as, R55.4 million and R58.3 million in two the outer years. The budget includes the implementation of TMR and TER projects which will enhance re-industrialization of black owned business. These programmes contribute directly to Gauteng's Township Economic Revitalization; and seek to increase the number of SMMEs and Co-ops actively participating in the Gauteng's mainstream economy and its 11 identified economic sectors.

GEP will receive an additional allocation of R20 million in the 2017/18 financial year to contribute towards addressing the shortage of employment opportunities for youth in Gauteng. This will assist in elevating the importance of SMME development equipping the province's young people to become self-employed, and create alternative job opportunities.

Despite GEP's focus on enterprise development (training and skills development), the organisation would continue to target businesses that require small funding and support such as those benefiting from the Township Business Renewal, Community Fund and Co-operatives Assistance Program. These service offerings resonate with the Township Economic Revitalisation and the Gauteng Informal Business Upliftment Strategy. This programme is critical for the reduction of poverty and unemployment in the province and it is therefore important to ensure this Programme is adequately resourced in order for it to be able to increase the financial and development support interventions provided by the regions.

PART C: LINKS TO OTHER PLANS

12. Links to the Long-Term Infrastructure and Other Capital Plans

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

13. Conditional Grants

The matter of conditional grants is not applicable to GEP.

14. Public Entities

The GEP does not have any public entities.

15. Public – Private Partnerships

The GEP does not have any public-private partnerships.

Annexure A: Background on GEP's Strategic Shift

The report developed by the Agency Review Committee in 2015 indicated that GEP lacked a specific targeted approach on SMME development and tried to be "everything to everyone". As a consequence of this, the Agency developed a revised 2015-2019 Strategic Plan focusing on the development of sustainable businesses with a long-term objective of supporting SMMEs to move or graduate from the marginal (informal) into the mainstream economy. The current approach is geared towards handholding (business development support) and less financial support as this will assist to strengthen the capacity of SMMEs and co-operatives to participate meaningfully in the economy and benefit from the sectors dominated by big businesses.

GEP has thus revised its vision, mission and strategies to suit the current economic agenda in line with the National Development Plan, Gauteng City Region Economic Plan and the Gauteng Township Revitalisation Strategy.

Vision

Sustainable SMMEs and Co-ops propelled into the mainstream economy of Gauteng.

Mission

To provide unique, tailored financial and non-financial services that enable SMMEs and Co-ops to become active participants in Gauteng's mainstream economy.

Values

GEP's values, informed by its Vision and Mission, are outlined in the table below:

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

Annexure B: Technical Indicator Descriptions

Programme 2: Investment Management

Indicator title	1.1 Number of SMMEs financially supported in prioritized sectors
Short definition	The indicator measures the number of SMMEs granted funding through Loans, Community Fund and the Township Business Renewal Programme in the Manufacturing, Agro-processing, Mineral Beneficiation, Construction, ICT, Real Estate, Automotive, Retail, Finance, Pharmaceutical and Creative sectors
Purpose/importance	To improve the liquidity and profitability of supported SMMEs which will have an impact on the economy
Source/collection of data	GEP Portal Reports, Investment Management Reports and GEP loan approval lists
Method of calculation	A simple count of the number of SMMEs granted funding through Loans, Community Fund and Township Business Renewal Programme (refer to the definition of the indicator)
Data limitations	None
Type of indicator	Output – SMMEs funded
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	Existing
Desired performance	The Agency anticipates to provide financial support to 700 SMMEs in the prioritised sectors with the aim of propelling their participation in the mainstream economy and increasing their contribution towards the reduction of unemployment
Indicator responsibility	Investment Management

Programme 3: Enterprise Support

Programme 3: Enterprise Support	
Indicator title	1.1 Number of SMMEs supported through the Pitching Booster Programme
Short definition	The indicator measure the number of SMMEs mentored through the Pitching Booster Programme which provides township-based youth and non-youth SMMEs an opportunity to present innovative business ideas to corporates, investors and other entrepreneurs to qualify for Business Development Support
Purpose/importance	To increase the number of SMMEs equipped for participating in the economy through the Pitching Booster Programme
Source/collection of data	Pitching session attendance registers and progress reports
Method of calculation	Simple count of the number of SMMEs participating in the Pitching Booster Programme sessions (refer to the definition of the indicator)
Data limitations	Data is collected and captured manually
Type of indicator	Output – SMMEs mentored and supported through the Pitching Booster Programme
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	New
Desired performance	The Agency anticipates to mentor 1000 SMMEs through the Pitching Booster Programme, with a view of reducing the unemployment rate. GEP support is aimed at equipping entrepreneurs with adequate business knowledge and skills to ensure their proposals are viable and investment – ready
Indicator responsibility	Enterprise Support

Indicator title	1.2 Number of Youths benefitted from the Youth Accelerator Programme
Short definition	To measure the number of Youths benefiting through the Youth Accelerator Programme which seeks to provide skills development opportunities, promote youth entrepreneurship and reduce the youth unemployment rate
Purpose/importance	To provide unemployed youths with training and skills development opportunities that will improve their employability and / or enable them to venture into business and contribute to employment creation
Source/collection of data	Project reports / Attendance registers / Placement Agreements / Confirmations and / or Listings
Method of calculation	Simple count of the number of Youths benefitted from the Youth Accelerator Programme (refer to the definition of the indicator)
Data limitations	Not applicable
Type of indicator	Output – Youths benefiting from the Youth Accelerator Programme
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	New
Desired performance	The Agency anticipates to support 500 Youths by providing training through the Youth Accelerator Programme and job placement opportunities for an additional 500 with a view of creating jobs and / or business opportunities for unemployed youth
Indicator responsibility	Enterprise Support

Indicator title	1.3 Number of SMMEs benefitted from the Supplier Development Programme
Short definition	To measure number of SMMEs benefiting from the Supplier Development Programme which seeks to develop critical skills required by the economy and to expose SMMEs to private and public procurement opportunities
Purpose/importance	To propel the participation of supported SMMEs in the mainstream economy by benefiting from public and private sector procurement opportunities
Source/collection of data	Project Reports / Attendance Registers
Method of calculation	Simple count of the number of SMMEs benefiting from the Supplier Development Programme
Data limitations	Data collected and captured manually
Type of indicator	Output – SMMEs supported through the Supplier Development Programme
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	New
Desired performance	The Agency anticipates to support 100 SMMEs through the Supplier Development Programme with a view of equipping these SMMEs to access private sector and government procurement opportunities thus improving their sustainability
Indicator responsibility	Enterprise Support

Indicator title	1.4 Number of informal businesses non-financially supported in the Automotive sector
Short definition	To measure number of informal businesses in the Automotive sector benefiting from non-financial support interventions in the form of training, mentoring and formalisation of their businesses
Purpose/importance	To increase the number of businesses non-financially supported in the automotive sector, thus impacting on the sustainability and participation of township businesses in the automotive sector
Source/collection of data	Attendance Registers Project Reports
Method of calculation	Number of informal businesses in the Automotive sector benefiting from non-financial support interventions (refer to indicator definition)
Data limitations	Not applicable
Type of indicator	Output – Informal businesses in the Automotive sector supported non-financially
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	New
Desired performance	The Agency anticipates to support 75 informal businesses in the automotive sector non-financially, to propel informal business into the mainstream economy
Indicator responsibility	Enterprise Support

Indicator title	1.5 Commercial Plan developed for the Construction Ecosystem Centre
Short definition	The indicator measure the development of a Commercial Plan for the Construction Ecosystem Centre
Purpose/importance	To develop commercial plan for the construction Eco system to improve its sustainability
Source/collection of data	Commercial Plan developed
Method of calculation	Simple count
Data limitations	None
Type of indicator	Output – Commercial Plan developed for the Construction Ecosystem Centre
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	New
Desired performance	A Commercial Plan is to be developed for the Construction Ecosystem Centre to enable its sustainability
Indicator responsibility	Enterprise Support

Programme 4: Regional Operations	
Indicator title	1.1 Number of SMMEs non-financially supported in the prioritized sectors
Short definition	The indicator measures the number of SMMEs granted Business Development Support Interventions (such as, training, mentorship, marketing materials, equipment etc.) in the Manufacturing, Mineral Beneficiation, Agriculture, Services and Retail, ICT, Agro-processing and Creative sectors
Purpose/importance	To capacitate the SMMEs in the priority sectors and enable them to operate their businesses optimally
Source/collection of data	GEP Portal Reports / Attendance Registers / Project Reports
Method of calculation	Simple count of the number of SMMEs receiving support through Business Development Support Interventions (refer to the definition of the indicator)
Data limitations	None
Type of indicator	Output – SMMEs supported through Business Development Support Interventions
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	Existing
Desired performance	The Agency anticipates to provide non-financial support to 2000 SMMEs with a view of improving their sustainability and contribution towards addressing the challenges of poverty and unemployment
Indicator responsibility	Regional Operations

Indicator title	1.2 Number of SMMEs non-financially supported in the construction sector
Short definition	The indicator measure the number of construction and building material SMMEs supported through non-financial support interventions (such as, training, mentorship, marketing materials, equipment etc.)
Purpose/importance	To capacitate construction and building SMMEs and enable them to operate their businesses optimally
Source/collection of data	GEP Portal Reports / Attendance Registers / Project Reports
Method of calculation	Simple count of the number of construction and building material SMMEs supported non-financially
Data limitations	None
Type of indicator	Output – SMMEs in the construction sector non-financially supported
Calculation type	Non - Cumulative
Reporting cycle	Annually
New indicator	New
Desired performance	The Agency anticipates to provide non-financial support to 30 SMMEs in the construction sector, with a view of improving their sustainability and contribution to the growth of the sector
Indicator responsibility	Regional Operations

Indicator title	1.3 Number of township based Informal Businesses non-financially supported through Business Development support interventions
Short definition	The indicator measure the number of Informal businesses granted support through Business Development Support Interventions (such as, training, mentorship, marketing materials, equipment etc.)
Purpose/importance	To capacitate informal businesses and prepare them for graduating from operating in the second (informal) economy to the first (mainstream) economy
Source/collection of data	GEP Portal Reports / Attendance Registers / CIPC Registrations / Project Reports
Method of calculation	Simple count of the number of Informal businesses granted support through Business Development Support Interventions (refer to the definition of the indicator)
Data limitations	Not applicable
Type of indicator	Output – Informal businesses supported through Business Development Support Interventions
Calculation type	Non-Cumulative
Reporting cycle	Bi-annually
New indicator	Existing
Desired performance	The Agency anticipates to provide non-financial support to 700 Informal businesses, with a view of propelling their participation in the mainstream economy
Indicator responsibility	Regional Operations

Indicator title		1.4 Number of Township-based Bakeries supported non-financially through Business Development Support interventions
Short definition	The indicator measures the number of Township-based Bakeries supported through Business Development Support Interventions (such as, training, mentorship, marketing materials, equipment etc.) with a view of improving their sustainability	
Purpose/importance	To capacitate the township SMMEs producing bread and other baked products and enable them to operate their businesses optimally	
Source/collection of data	GEP Portal Reports / Attendance Registers	
Method of calculation	Simple count of the number of Township-based Bakeries supported through Business Development Support Interventions (refer to the definition of the indicator)	
Data limitations	Not applicable	
Type of indicator	Output – Township-based bakeries supported through Business Development Support Interventions	
Calculation type	Non-Cumulative	
Reporting cycle	Tri-annually	
New indicator	New	
Desired performance	The Agency anticipates to provide non-financial support to 15 Township-based Bakeries with a view of improving their growth and sustainability	
Indicator responsibility	Regional Operations	

Indicator title	1.5 Number of SMMEs supported non-financially through Business Development Support interventions in the Maize Triangle (Ekurhuleni, West Rand and Sedibeng)
Short definition	The indicator measure the number of SMMEs supported non-financially (i.e. through training, mentorship, marketing materials, equipment etc.) in the Maize Triangle of Ekurhuleni, West Rand and Sedibeng
Purpose/importance	To capacitate the SMMEs in the agricultural sector and enable them to operate their businesses optimally
Source/collection of data	GEP Portal Reports / Attendance Registers
Method of calculation	Simple count of the number of SMMEs in the agricultural sector granted support through Business Development Support Interventions (refer to the definition of the indicator)
Data limitations	None
Type of indicator	Output – SMMEs in the agricultural sector supported through Business Development Support Interventions
Calculation type	Non-Cumulative
Reporting cycle	Tri-annually
New indicator	New
Desired performance	The Agency anticipates to provide non-financial support to 9 SMMEs in the agricultural sector, to propel their growth and participation in the mainstream economy
Indicator responsibility	Regional Operations

Indicator title	1.6 Number of township manufacturers supported to produce goods for local consumers
Short definition	The indicator measure the number of township based local producers supported (i.e. through training, mentorship, marketing materials, equipment etc.) to produce goods for local consumers
Purpose/importance	The purpose is to increase the number of township based local producers, thereby creating jobs and reviving township economies
Source/collection of data	GEP Portal Reports / Attendance Registers / Project Reports
Method of calculation	Simple count of the number of township based local producers supported to produce goods for local consumers (refer to the definition of the indicator)
Data limitations	None
Type of indicator	Output - number of township based local producers supported to produce goods for local consumers
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	New
Desired performance	The Agency anticipates to establish 100 wholesale manufacturers to produce goods for local consumers
Indicator responsibility	Regional Operations

Indicator title	1.7 Number of SMMEs trained within the footwear industry
Short definition	The indicator measure the number of SMMEs trained within the footwear industry
Purpose/importance	To build capacity of the SMMEs in the footwear manufacturing industry thus improving their contribution to the economy
Source/collection of data	GEP Portal Reports / Attendance Registers / Project Reports
Method of calculation	Simple count of the number of SMMEs trained within the footwear industry (refer to the definition of the indicator)
Data limitations	None
Type of indicator	Output – SMMEs trained within the footwear industry
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	New
Desired performance	The Agency anticipates to train 30 SMMEs within the footwear industry with a view to improving their growth and participation in the economy
Indicator responsibility	Regional Operations

Indicator title	1.8 Number of Co-ops financially supported in the prioritized sectors
Short definition	The indicator measure the number of Co-operatives funded through the loans, Community Fund and Co-operatives Assistance Programme in the Manufacturing, Mineral Beneficiation, Agriculture, Services and Retail, ICT, Agro-processing and Creative sectors
Purpose/importance	The purpose is to improve the liquidity of Co-operatives with a view of increasing their contribution to job creation and economic growth
Source/collection of data	GEP Portal Reports / Loan Approval Lists
Method of calculation	Simple count of the number of Co-operatives funded through the loans, Community Fund and Co-operatives Assistance Programme (refer to the definition of the indicator)
Data limitations	None
Type of indicator	Output – Co-operatives supported financially
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	Existing
Desired performance	The Agency anticipates to support 200 Co-operatives financially with a view of improving their liquidity and contribution to job creation and economic growth
Indicator responsibility	Regional Operations

Indicator title	1.9 Number of Co-ops non-financially supported in the prioritized sectors
Short definition	The indicator measure the number of Co-operatives granted support through Business Development Support interventions (such as training, mentorship, marketing materials, equipment etc.)
Purpose/importance	The purpose is to improve the capacity of Co-operatives with a view of increasing their sustainability and contribution to job creation and economic growth
Source/collection of data	GEP Portal Reports / Attendance Registers
Method of calculation	Simple count of the number of Co-operatives granted support through Business Development Support interventions (refer to the definition of the indicator)
Data limitations	None
Type of indicator	Output – Co-operatives granted support through Business Development Support interventions
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	Existing
Desired performance	The Agency anticipates to support 400 Co-operatives non-financially with a view of their capacity and sustainability of Co-operatives, thereby improving their contribution to job creation and economic growth
Indicator responsibility	Regional Operations

Indicator title	1.10 Consolidated database of co-operatives supported through government programmes
Short definition	Establishment of a consolidated provincial database for co-operatives provided with financial and non-financial government support
Purpose/importance	To consolidate the supported co-operatives into a centralised database in order to determine the nature of support provided by various government institutions
Source/collection of data	Co-operatives databases from various government departments and agencies
Method of calculation	Simple count
Data limitations	GEP reliance on multiple external parties to provide accurate information
Type of indicator	Output – consolidated provincial co-operatives database
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	New
Desired performance	The Agency anticipates to develop a consolidated database for co-operatives with a view to improve their growth and participation in the economy and streamline government support interventions
Indicator responsibility	Regional Operations