



GAUTENG ENTERPRISE PROPELLER

ANNUAL PERFORMANCE PLAN

for the

**2018/19 FINANCIAL YEAR AND MEDIUM TERM
EXPENDITURE FRAMEWORK**

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MEC'S STRATEGIC OVERVIEW PERSPECTIVE

The Gauteng Enterprise Propeller (GEP) is at the centre of transforming the Gauteng's economy through entrepreneurship and cooperative development in the province. Over the past three years the Gauteng Department of Economic Development (GDED) and its agencies have increased their footprints in all the economic corridors of the province. Increased public awareness of the activities and products offered by the Gauteng Department of Economic Development and its agencies has remained a key focal area. To ensure the implementation of the broader provincial mandate, the GDED has reached out to township businesses across the province through various campaigns. These included MEC's Imbizo's, the Ntirhisano Programme led by the Premier, the Qondisishishini Lakho Campaign, which seeks to formalise informal businesses in Gauteng townships and to enhance compliance with the Companies and Intellectual Property Commission (CIPC) and South African Revenue Services (SARS) requirements, thus building confidence in township based enterprises.

The implementation of mandate to transform township economies to viable productive centres continues to be a success. The recently developed Gauteng City Region Economic Plan and the Township Economic Revitalisation Strategy would turn the townships from consumption driven economies into productive competitive centres. Establishing industrial hubs, such as automotive centres, textile and clothing hubs, mineral beneficiation, production of construction and building materials, furniture manufacturers, promotion of black industrialists or producers would ensure the realisation of radical economic transformation and inclusive and shared economic growth. An increase in off-take agreements and market access in the province would ensure a change of the ownership patterns across critical sectors.

In line with the Transformation, Modernisation and Re-industrialisation Strategy which prioritises 11 sectors, the province would ensure that unemployment, poverty and inequalities are reduced in the townships and jobs are created where people live. This is in line with the National Development Plan, which advocates for the creation of jobs where people live and the creation of 90 percent of the jobs by 2030 through entrepreneurship. Over the past three years, GEP has contributed towards the creation of over 8 000 jobs in the province and continues to make inroads in addressing the challenge of unemployment.

However, the fragmentation of the Development Finance Institutions (DFI's) in the province and lack of integration compromise the realisation of a fully productive capacity, hence the initiative to embark on streamlining and repositioning finance institutions. This will increase the impact of DFI's on Small, Medium and Micro Enterprises (SMME's) and Co-operatives in the province, reduce the likelihood of double-dipping by SMME's, promote transparency and increase access to resources.

Lastly, the gloomy economic picture characterised by slow growth, closure of other businesses, the recent technical recessionary status and downgrade would have a negative effect on development in the province. This would lead to a reduction in spending, due to the budget squeeze and massive retrenchments in critical sectors such as mining, retail and the banking industry. The Gauteng Department of Economic Development and its agencies would need to reinforce partnerships with the private sector and other funding institutions.



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

28/2/2018

FOREWORD BY THE CHAIRPERSON OF THE BOARD

South Africa's economic development prospects greatly hinge on this country's ability to achieve inclusive economic growth. It thus becomes critical for government to maximise the growth potential of SMME's and Co-operatives through the creation of a conducive environment that will propel them into the mainstream economy, encourage investment in township economies and accelerate the creation of sustainable jobs across all economic sectors.

In his maiden State of the Nation Address (SONA) delivered on 16 February 2018, the President of the Republic of South Africa, Mr Cyril Ramaphosa, reflects that while significant progress has been made in terms of poverty reduction since the country became a democracy in 1994, more recent years came with challenges such as a rise in poverty levels in 2015, unemployment that has gone up and persistent inequality. He further states that the South African economy has, for several years, not grown at a satisfactory pace to create enough jobs or lift its citizens out of poverty.

South Africa continues to be plagued by the triple challenges of poverty, inequality and unemployment, with the previously marginalised township based communities and the youth, in particular, remaining the hardest hit. The Gauteng Provincial Government (GPG) continues to drive programmes aimed at changing business ownership patterns and re-industrialising townships to ensure they become productive hubs, thus creating opportunities for all South Africans to contribute towards growing the economy. However, the procurement of government departments from small businesses and Co-operatives remains low and far from the 75 percent target set by the 2011 Local Accord. This tends to reduce the potential of SMME's and Co-operatives, hence the need for government departments to increase market access. Global markets, on the other hand, remain under immense pressure and this has resulted in slowed economic growth, not only for the province but the country as a whole, whilst the unemployment rate sadly remains high. In response to this challenge, the 2018 SONA compels government to honour its undertaking for setting aside a 30 percent minimum of public procurement to SMME's, Co-operatives and township and rural enterprises.

The Gauteng Provincial Government is committed to finding sustainable solutions that will address job losses in key sectors, such as mining and manufacturing, as well as the high levels of youth unemployment, amongst other provincial challenges. In his 26th February 2018 State of the Province Address (SOPA), Gauteng Premier, Mr David Makhura touches on the need to strengthen partnerships with the private sector, labour and civil society so as to unlock inclusive growth and greater levels of employment whilst also continuing to focus on reindustrialisation of the Gauteng township economy.

The Gauteng Department of Economic Development, through GEP as its implementing Agency, is thus tasked with the mammoth responsibility of accelerating the realisation of an inclusive economy through the increased participation of SMME's and Co-operatives (Co-ops) in the province's mainstream economy. Currently, there is a low level of SMME and Co-op participation in the economy especially in the West Rand and Sedibeng regions. This can be attributed to their low levels of development and non-compliance with business registration processes. The non-registration of SMME's and Co-operatives continues to limit their access to business opportunities and growth potential. The delivery of programmes aimed at ensuring a greater number of township businesses migrate from the informal sector, access business development opportunities, gain accreditation and access to markets for their products despite the shrinking economic resources thus remains central to the GEP agenda for the 2018/19 financial year.

The National Development Plan (NDP) sets a high expectation for the creation of 11 million jobs by 2030 and further requires that about 90 percent of these jobs must be created through SMME's. To this end, the establishment of GEP as an agency of GDED that will support the development, growth and sustainability of SMME's in the province was informed by two key strategic objectives: (i) Commitment to halving poverty and unemployment in the country; and (ii) Ensuring increased and meaningful participation of SMME's and Co-operatives in mainstream economic activities. This Annual Performance Plan seeks to respond to these strategic objectives and to achieve outcomes as detailed in the government's Medium-Term Strategic Framework (MTSF), Gauteng's Township Economy Revitalisation (TER) Strategy, Gauteng City Region (GCR) Economic Plan, Transformation, Modernisation and Re-industrialisation (TMR) Strategy and other relevant national and provincial strategies and policies. GEP's 2018/19 interventions targeting township SMME's and Co-operatives will, therefore, continue to address market failures and challenges related to the inability of most businesses to access affordable capital, limited financial and business management skills, limited production capabilities and, in some cases, difficulties in accessing formal markets for their goods and services.

In line with the Gauteng City Region (GCR) Economic Plan, Deliverology targets and supportive of the Tshepo 1 Million programme, GEP will play a pivotal role in transforming the Gauteng township economy by focusing on the implementation of the following key projects in the 2018/19 financial year:

- 1) Establishment of a Sector Specific Centre of Excellence – The construction Eco System Centre will house all construction manufacturing competencies, with a focus on township contractor development and support, e.g. accreditation and formalisation of construction SMME's;
- 2) Establishment of a Township Local Producer Incubation and Wholesale site - The Incubation seeks to assist Gauteng local producers to secure accreditation, in order to access formal markets. Furthermore, the incubation will be linked to a Wholesale, which will allow local producers to market and sell their completed products;
- 3) Continuation of the Booster Pitching Programme – Providing township based SMME's with opportunities that enable young entrepreneurs, unemployed youth, women and persons with disabilities to access incubation, business knowledge and skills development support;
- 4) In recognition of the year of Mandela calling for unity, our Co-operative programme will be aimed at strengthening social cohesion and developing sound relations between directors and members of Co-operatives. This would improve the sustainability levels, as we recognise that Co-operative failures are predominantly linked to poor relations amongst members. Encouraging an entrepreneurial spirit within Co-operatives will also be key, so as to reduce their dependency on government financial support and enhance their levels of competitiveness;
- 5) Youth Accelerator Programme – Which seeks to enhance job creation opportunities for the unemployed youth, reduce poverty and increase the potential of youth to become active participants in the Gauteng economy. This is in keeping with the 2018 National Agenda, which is predominantly driven by a need for the creation of jobs, especially for the youth. GEP works with various partners including the private sector to assist with the training and placement of youth; and

- 6) Continued support to SMME's and Co-operatives in the 11 priority sectors - To provide financial and non-financial support to SMME's in key sectors such as manufacturing, mineral beneficiation, agriculture, services and retail, ICT and agro-processing. Interventions are to include financial support, training and mentorship, access to markets, productive and technical skills development opportunities. The provision of support aimed at enhancing the investment and readiness of these enterprises will also be key.

Historically, GEP has been focusing on extending financial and non-financial support to a broad number of township based enterprises. However, the GEP Board of Directors appointed in October 2017 is determined to steer the Agency towards achieving longer-term outcomes and positive impacts on the lives of previously marginalised Gauteng communities. To this end, GEP has prioritised gaining better insight into the impact of its interventions on the SMME and Co-operative landscape through an impact evaluation seeking to measure the effectiveness of GEP programmes rolled out over the 2012/13 to 2015/16 financial years. This has enabled the identification of programme failures and the development of recommendations for improvement. Such periodic evaluations would assist in answering key questions relating to the extent of improvement in the quality of life of beneficiaries and the GEP contribution to job creation, poverty reduction and the development of sustainable businesses.

GEP remains steadfastly focused on achieving a more meaningful impact in terms of its broader contribution to the creation of sustainable employment and reducing the high mortality rate of township SMME's and Co-operatives, and continues to leverage on strategic public and private sector partnerships that will contribute to the growth of its limited resource base.

The 2018/19 financial year marks the final year in the implementation of the GEP 5-Year Strategic Plan for the 2015-2019 MTSF term and is aptly themed as "the final push to the end of term". The GEP focus for 2018/2019 will be on consolidating achievements made so far, while expediting strategies for improvement.

We remain resolute in our quest to provide financial and non-financial services that enable SMME's and Co-operatives to become active participants in Gauteng's mainstream economy. Ultimately, the plans and performance of the Agency will be judged against the contribution it makes towards reducing Gauteng's levels of poverty, inequality and unemployment.

The Board is confident that focused implementation of the planned 2018/19 interventions will contribute towards building sustainable SMME's and Co-operatives and no effort will be spared in building GEP into a more efficient Agency that effectively discharges its mandate.



Mr. Khehla Mthembu
Chairperson of the Board

OFFICIAL SIGN-OFF

It is hereby certified that this 2018/19 Annual Performance Plan for the Gauteng Enterprise Propeller (GEP):

- Was developed by the management of GEP under the guidance of the Gauteng MEC for Economic Development, Mr Lebogang Maile, and the GEP Board of Directors.
- Was prepared in line with the revised GEP Strategic Plan 2015-2019.
- Accurately reflects the performance targets, which GEP will endeavour to achieve given the resources made available in the budget for the 2018/19 financial year.

RECOMMENDED BY:


 Ms. Nomfanelo Genuka
 CHIEF FINANCIAL OFFICER

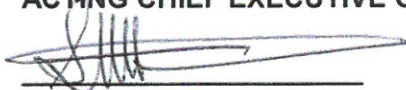
27/02/2018
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27.02.2018
 Date


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27-02-2018
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28/2/2018
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APPROVED BY:


 Mr. Lebogang Maile (MEC)
 EXECUTIVE AUTHORITY

28/2/2018
 Date

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ACRONYMS AND ABBREVIATIONS

AG	Auditor-General of South Africa
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BDS	Business Development Support
BER	Bureau for Economic Research
BRICS	Brazil, Russia, India, China and South Africa
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
COE	Centres of Excellence
COO	Chief Operations Officer
CPA	Criminal Procedure Act
DFI	Development Finance Institution
DOA	Digital Object Architecture
DTI	Department of Trade and Industry
EMM	Ekurhuleni Metropolitan Municipality
Exco	Executive Committee
FDI	Foreign Direct Investment
GCR	Gauteng City Region
GDARD	Gauteng Department of Agriculture and Rural Development
GDED	Gauteng Department of Economic Development
GDID	Gauteng Department of Infrastructure Development
GDP	Gross Domestic Product
GEP	Gauteng Enterprise Propeller
GEDP	Gauteng Economic Development Plan
GGDA	Gauteng Growth and Development Agency
GGP	Grant Assistance for Grassroots Human Security Projects
GIBUS	Gauteng Informal Business Upliftment Strategy
GM	General Manager
GPG	Gauteng Provincial Government

HOD	Head of Department
HR	Human Resources
ICT	Information and Communication Technology
IMF	International Monetary Fund
KPA	Key Performance Area
KPI	Key Performance Indicator
MANCO	Management Committee
M&E	Monitoring and Evaluation
MEC	Member of the Executive Council
MoA/U	Memorandum of Agreement/Understanding
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan, Vision 2030
PFMA	Public Finance Management Act
POA	Programme of Action
POCA	Prevention of Organised Crime Act
PPPFA	Preferential Procurement Policy Framework Act
PRECCA	Prevention and Combating of Corrupt Activities
Q	Quarter
QLFS	Quarterly Labour Force Survey
RDP	Reconstruction and Development Programme
S&P	Standard and Poor
SA	South Africa
SADC	South African Development Community
SARS	South African Revenue Services
SCM	Supply Chain Management
SEFA	Small Enterprise Finance Agency
SETA	Sector Education and Training Authority
SMART	Specific, Measureable, Achievable, Realistic and Time-bound
SMME	Small, Medium and Micro Enterprise
SO	Strategic Objective
SONA	State of the Nation Address

SOPA	State of the Province Address
StatsSA	Statistics South Africa
TER	Gauteng's Township Economy Revitalisation
TMR	Transformation, Modernisation and Re-industrialisation
US/USA	United States of America
VAT	Value-Added Tax
WTO	World Trade Organisation

PART A: STRATEGIC OVERVIEW

1. UPDATED SITUATIONAL ANALYSIS

As an update to the situational analysis in GEP's revised 2015-2019 Strategic Plan, discussed below are the salient external and internal environment shifts influencing GEP's performance and 2018/19 performance plan and targets.

1.1 THE MACRO ENVIRONMENT

Global and Regional Economic Outlook

The International Monetary Fund (IMF), in its World Economic Outlook Report, January 2018, reports that following a sluggish 3.1% global growth rate in 2016, the pickup in global growth in 2017 remained on track and achieved the projected 3.7% in 2017, 0.1% higher than predicted. Global growth for 2018 and 2019 has been revised upwards from 3.7% to 3.9%¹. These upward revisions are attributable to the pace of global growth and the impact of recent U.S. tax policy changes.

120 economies accounted for three quarters of world GDP and recorded increases in growth in year-on-year terms in 2017. Growth in the third quarter of 2017 in Germany, Japan, Korea and the United States exceeded projections and are expected to rise further. Growth rates for other euro area economies have been marked up, especially for Germany, Italy and the Netherlands, reflecting the stronger momentum in domestic demand and higher external demand. The U.S. growth forecast has been raised from 2.3% to 2.7% in 2018, and from 1.9% to 2.5% in 2019.

Whilst some key emerging markets and developing economies, including Brazil, China and South Africa, mirrored the third quarter growth projections of advanced economies, the aggregate growth forecast for these markets and economies for 2018 and 2019 remains unchanged. These include:

- 1) Emerging and developing Asia will grow at around 6.5% - similar to its 2017 levels;
- 2) Emerging and developing Europe should remain strong in excess of 5% growth, buoyed by higher growth forecasts for Poland and especially Turkey;
- 3) The recovery in Latin America is expected to continue, with growth of 1.9% in 2018 and an upward shift of 0.2% to 2.6% in 2019. This is largely due to an improved outlook for Mexico through increased US demand and a firmer recovery on Brazil;
- 4) The Middle East, North Africa, Afghanistan and Pakistan region is also expected to improve in 2018 and 2019, but projections remain at 3.5%;
- 5) Off a low growth rate of 1.4% in 2016, growth momentum in sub-Saharan Africa remains fragile, with a revised projected growth rate of 2.7% in 2017, 3.3% in 2018 and 3.5% in

¹ International Monetary Fund, World Economic Outlook Update Report, January 2018

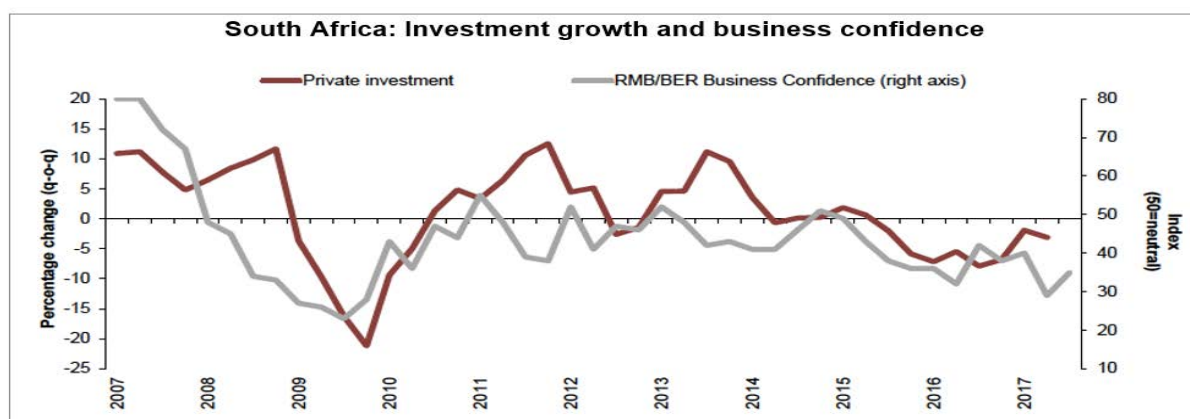
2019². The growth, however, is barely positive territory in per capita terms for the region as a whole and remains negative for about a third of the countries in the region.

The growth forecast for Nigeria is improved slightly. Growth prospects in South Africa remain subdued and are expected to remain below 1% in 2018–2019, attributable to political uncertainty and its impact on confidence and investment. Fuel importers, Ethiopia and Kenya are expected to grow robustly at 8.5% and 5% boosted by domestic demand and infrastructure spending. Greater regional integration is required to take advantage of the pockets of strong growth³, particularly in stimulating the growth and development of small and medium enterprises as the engines for job creation.

The South African Economy

Although South Africa remains a top destination for foreign direct investment (FDI), attracting the bulk of FDI projects destined for the continent at a share of 20.6% of all investments, elevated political uncertainty, weak consumer and business confidence, and weak domestic demand continue to restrain South Africa's growth prospects. As reflected in figure 1 below, business confidence is approaching 2008-2010 financial crisis levels. The heightened risk premium has seen a decline in investment by 3.9% in 2016, with significant falls in mining and manufacturing⁴.

Figure 1: RSA - Investment growth and business confidence



Source: National Treasury, November 2017

Following two consecutive quarters of contraction in the economy due to negative growth, South Africa exited technical recession in the second quarter of 2017 with a 2.5% quarter on quarter growth rate. The agricultural sector was the biggest contributor to the growth, having increased output from 22.2% in the first quarter to 33.6% in the second quarter. Although growth in mining declined from 12.8% in the first quarter to 3.9% in the second quarter, it remains the second biggest contributor to South Africa's GDP, and contributed 0.5 percentage points to the growth. Output in finance, real estate and business services increased by 2.5% and contributed 0.3 percentage

² International Monetary Fund, World Economic Outlook Update Report, October 2018

³ National Treasury, Macroeconomic environment and challenges facing government, November 2017

⁴ National Treasury, Macro environment and challenges facing government, November 2017

points to the growth rate⁵.

The formal business sector, excluding agriculture and financial intermediation, generated R2.34 trillion in turnover during the third quarter of 2017, representing a 2.6% increase on the R2.28 trillion in the third quarter of 2016. The trade sector was the largest contributor at 35.5%, followed by manufacturing at 27.6%, business services at 11.8%, transport and communication at 9.1%, mining at 6.5%, construction at 4.5% and electricity, gas and water at 3%. The following year-on-year industry trends are notable in the context of GEP⁶:

- 1) Five of the eight industries covered by the QLFS reflected an annual increase. The largest percentage increase in turnover was recorded in transport, storage and communication (+6,0%);
- 2) This was followed by trade (+4,9%), community, social and personal services (excluding government and educational institutions) (+4,5%), mining and quarrying (+4,1%) and manufacturing (+1,3%);
- 3) Decreases were recorded in construction (-4,3%), real estate and other business services (excluding financial intermediation and insurance) (-1,1%) and electricity, gas and water supply (-0,2%).

Mining and Agriculture continued to contribute significantly to the overall GDP performance of South Africa, while manufacturing continued to rebound from recession, due to production increases in food and beverages and motor vehicles. Trade continues to be a significant growth sector, driven by households consumption expenditure, due to increased spending on clothing and footwear, household equipment, and food and non-alcohol beverages. However, households' expenditure on restaurants and hotels remains under pressure, due to households continuing to cut down on entertainment and luxury items;

The construction industry remained in a technical recession, following three consecutive quarters of decline. Construction of non-residential buildings has been experiencing negative growth since the second quarter of 2015 and activity in construction works and residential buildings continued on the downward spiral, due to low investment by private business enterprises and public corporations.

While there are pockets of positive growth, the overall low growth forecast means that it is unlikely that South Africa will achieve the MTSF 2014-2019 target of 6% growth by 2019; the rate required to ensure the economy creates the jobs needed to achieve the NDP target of 11 million new jobs by 2030. For the small business development sector, including the various DFI's and agencies such as GEP, the pressure to realise the NDP target that 90% of jobs should be created by SMME and Co-operatives is thus intensified.

The impact of the low growth environment has directly impacted the unemployment rate. Although the unemployment rate decreased to 26.7% in the fourth quarter of 2017, from the peak of 27.7%

⁵ StatsSA Q2 GDP, cited in "An Overview of Gauteng's economy and sector performance" presentation by GDED at GEP Board Strategic Planning Session, 13 November 2017

⁶ StatsSA, Quarterly Financial Statistics (QFS), Q3 2017

which prevailed for much of 2017⁷, it remains unsustainably high. Particularly concerning is the youth unemployment rate, which has averaged 54% during 2017.

The market outlook and possible protracted period of low growth is dependent on a number of internal and external factors, including⁸:

- 1) Local currency credit ratings downgrade to junk status by both S&P and Moody's will lead to exclusion of SA from WGBI bond index, which could see sharp capital outflows;
- 2) A reversal in global sentiment would have adverse implications for emerging markets, including South Africa;
- 3) Political risks in the lead up to the ruling party's December elective conference could create volatility in local markets;
- 4) Global geopolitical risks, such as the North Korea's missile tests;
- 5) Addressing the structural faults in the South African economy, particularly poor educational outcomes that perpetuate inherited disadvantage, low levels of labour intensive growth, the skills shortage, spatial fragmentation of the urban landscape and travel costs, highly concentrated industrial structures, limited competition and high barriers to entry, and inefficient public monopolies imposing a high cost structure for network infrastructure;
- 6) Long swings in commodity prices (tending towards a downward phase); and
- 7) A collapse in consumer and business confidence leading to a contraction in private investment and consumption demand.

Low growth has also meant a strain on the fiscus. Over the past four years, government has had to follow a path of measured fiscal consolidation by reducing spending and increasing taxes, reflected in a narrowing primary deficit. In 2017, a sharp deterioration in revenue collection and further downward revisions to economic growth projections have eroded government's fiscal position. Revenue shortfalls are projected at R50.8 billion in 2017/18, R69.3 billion in 2018/19 and R89.4 billion in 2019/20. Government's options are limited, given that per capita income is falling, the economic impact of further expenditure cuts or tax hikes could be counterproductive. The impact includes⁹:

- 1) Gross national debt is projected to reach over 60% of GDP by 2022;
- 2) The National Treasury estimates that stabilising gross debt below 60% of GDP over the coming decade will require spending cuts or tax hikes amounting to 0.8% of GDP. In 2018/19, 0.8% of GDP would amount to R40 billion;
- 3) The public service wage bill has increasingly crowded out other areas of spending, including complementary inputs that public servants need to do their work;
- 4) Several years of fiscal restraints have left funding gaps in a number of programmes;

⁷ StatsSA, *Quarterly Labour Force Survey, Quarter 4, 2017*

⁸ National Treasury, *Macroenvironment and challenges facing government, November 2017*

⁹ National Treasury, *Macroenvironment and challenges facing government, November 2017*

- 5) Unpaid accounts are building up, particularly in provincial health budgets;
- 6) Infrastructure projects that are poorly designed or not effectively delivered have resulted in high operating deficits, with insufficient allocations for maintenance.

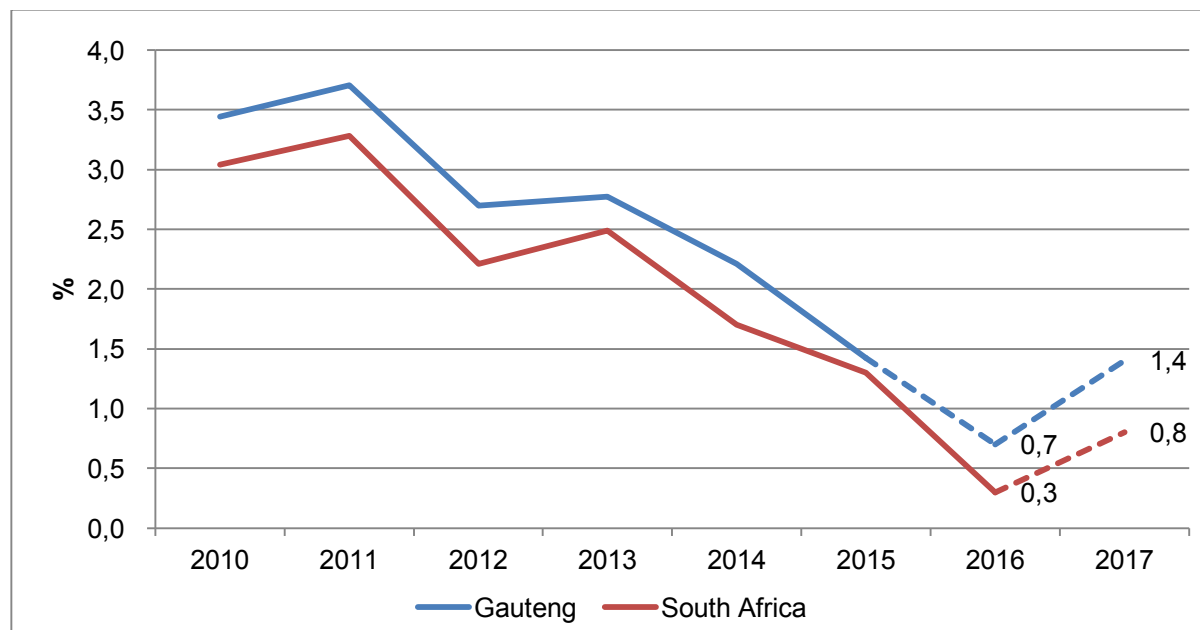
Therefore, without resolute action to cut wasteful and inefficient spending, there is a growing danger that the most vulnerable citizens will suffer the effects of fiscal consolidation. For an agency such as GEP, where the demand for services far exceeds the available government subsidy, finding alternative means to provide services becomes increasingly important. Thus, the need for a focus on revenue generation and strategic partnerships with a broad base of private sector, donor and non-governmental partners.

To address the challenge, the two notable government plans to reverse the negative economic outlook and support economic growth are the 9-Point Plan announced by the President of South Africa in SONA 2016 and, most recently, the 14-Point Plan pronounced upon by the Minister of Finance in July 2017. Of note for GEP, is the specific inclusion of *“unlocking of the potential of Small, Medium and Micro Enterprises, Co-operatives and Township Enterprises”* in the 9-Point Plan and the establishment of a small business fund for ideation and start-up, as one of the initiatives of the 14-Point Plan *to promote transformation and competitive outcomes by implementing sector reforms.*

The Gauteng Economy

As reflected in figure 2 below, the economy of Gauteng continues to track above that of the national economy. However, the decelerating growth rate is indicative of slow activity from the production side of the economy in Gauteng and nationally.

Figure 2: Comparison of RSA and Gauteng GDP growth rate



Source: Gauteng Department of Economic Development, July 2017

The major sector contributors in Gauteng are finance at 24%, government at 17.5%, manufacturing at 14% and trade 13%. There has been a considerable increase in business in the tertiary sector,

resulting in Gauteng evolving into the financial services hub of South Africa and the region. However, a major concern is that government is a higher contributor to the Gauteng economy than manufacturing and trade.

As highlighted by the GPG Midterm Performance Review Report 2014-2016¹⁰, the province has recorded the largest net gain in new jobs created since the 2008 global financial crisis. Between 2010 and the end of 2016, the provincial economy created more than 700 000 new jobs. Since the start of the Fifth Administration in 2014 to end 2016, bi-annual employment reached 317 000, breaking the ceiling of 300 000. However, as discussed below, 2017 has been more challenging.

The GPG Midterm Performance Review Report 2014-2016 further emphasises that “While Gauteng’s economic potential is undisputed, key constraints need to be addressed. Whilst improving, continued racial disparities in access to tertiary education and the lack of access to skills, networks and GCR economic benefits are obstacles to inclusive economic growth and equality”. In addition, by the end of the fourth quarter of 2017, the province had 2.05 million people unemployed¹¹ and is, therefore, challenged to ensure the economy grows in a labour absorbing and sustainable manner to keep pace with the growth in the labour force.

As highlighted in table 1 below, the unemployment rate has trended upwards over the period between the fourth quarter of 2016 and the fourth quarter of 2017, from 28.6% to 29.1%; remaining significantly higher than the national unemployment rate of 26.7%. An interesting, emerging statistic to be monitored is the decline in the provincial labour force between the third and fourth quarters of 2017, bucking the trend of the historical quarter-on-quarter increase in Gauteng’s labour force due to in-migration. Gauteng’s labour force reduced by 120 000 year-on-year, and the number of people employed reduced by 121 000, while only 1 000 more people were unemployed. Of concern is that the labour force participation rate has declined from 72.7% in 2016 to 70% in 2017.

Notwithstanding these challenges, at almost 5 million people, Gauteng accounts for around 31% of the total number of people employed in South Africa, with more than the number of people employed in the Western Cape and Kwa-Zulu Natal combined.

Table 1: Gauteng unemployment and labour force participation

	Q4:2016	Q3:2017	Q4:2017	Q-o-Q change	Y-o-Y change
Labour force (000)	7 163	7 259	7 043	-217	-120
Employed (000)	5 111	5 068	4 991	-77	-121
Unemployed (000)	2 051	2 191	2 052	-139	1
Unemployment rate (%)	28.6	30.2	29.1	-1.1	0.5
Labour force participation rate	72.7	72.5	70.0	-2.5	-2.7

¹⁰ Gauteng Provincial Government, Mid Term Performance Review 2014-2016, 2017

¹¹ StatsSA, Quarterly Labour Force Survey, Quarter 4, 2017

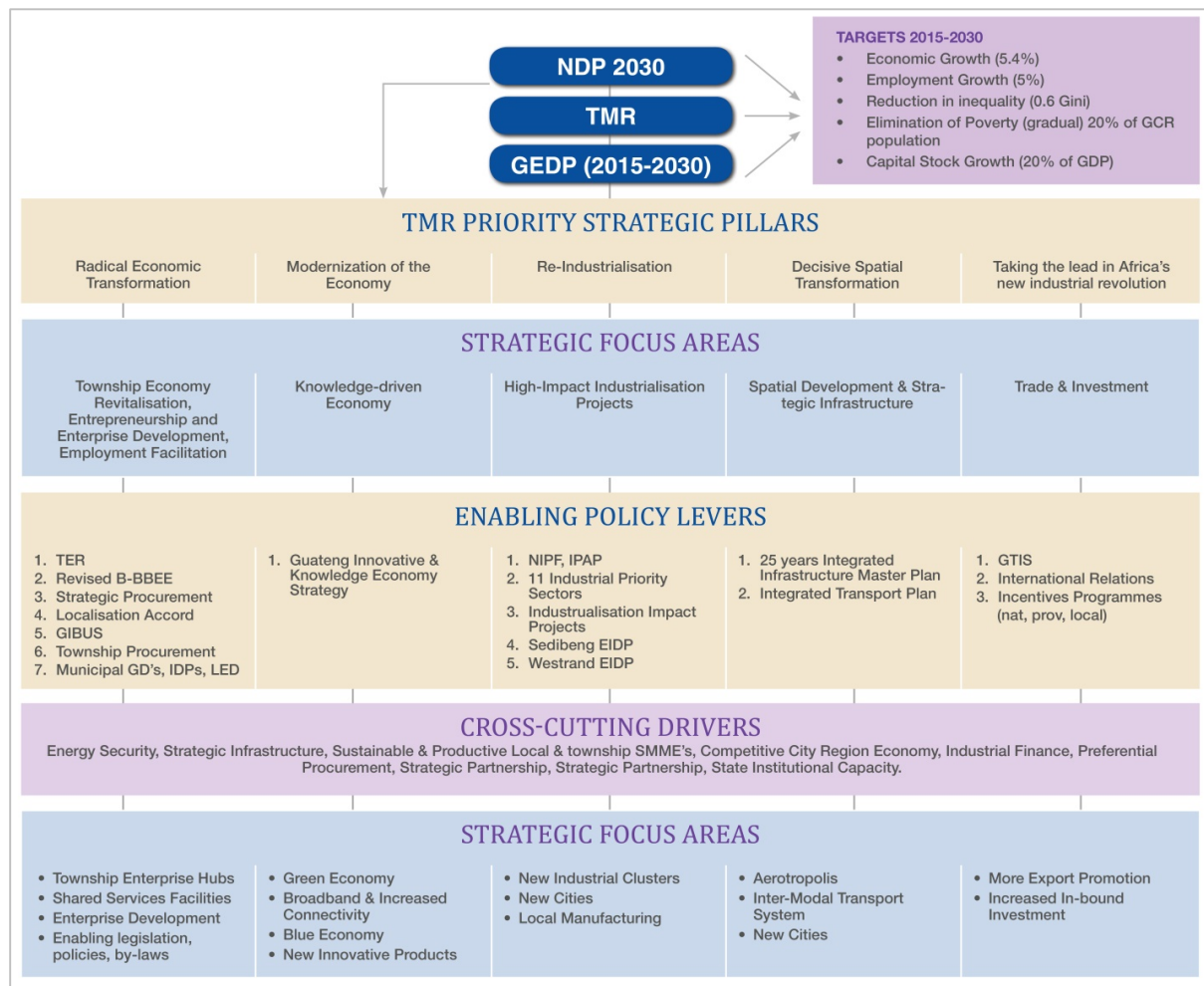
Source: Quarterly Labour Force Survey, Statistics South Africa, Q4 2017

In response to the opportunities and challenges of the Gauteng economic environment, the GCR Economic Development Plan (GEDP) has been adopted and is being implemented in partnership with business and other stakeholders. It focuses on key economic sectors and positioning the province strategically in relation to the SADC region, the African continent, the BRICS countries and the major economies in the world that are compatible with that of the GCR. The overriding goal being to increase employment and economic inclusion through a sector-based radical economic transformation intended to deconcentrate the economy and broaden economic ownership and participation, particularly by those historically excluded – black people, women, youth and persons with disabilities.

The GEDP/GCR guiding policy landscape is reflected in figure 3 below, outlining the strategic focus areas, enabling policy levers and cross-cutting drivers to support the 2015-2030 targets to grow the Gauteng economy by 5.4%, increase employment by 5%, reduce inequality to 0.6 Gini, gradual elimination of poverty to 20% of GCR population and to grow capital stock to 20% of GDP.

Of particular note is the nine cross-cutting drivers against which to evaluate and determine priority sector strategies. The priorities are to be localised and be in line with the strategic intent of the five GCR development corridors. In prioritising its focus, GEP is tasked with not being restrictive regarding the dominant sectors found in townships and, as per the TER Strategy, to support the development of the township economy towards a production focus. The GCR Economic Development Plan also requires that targets are location specific, with adequate focus on the districts of West Rand and Sedibeng.

Figure 3: GEDP/GCR guiding policy landscape



Source: GCR Economic Development Plan

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

The direct trade participation of SMME's in developing countries is not in line with their importance at the domestic level. According to WTO calculations, and based on World Bank Enterprise Surveys covering over 25 000 SMME's in developing countries, direct exports represent just 7.6% of total sales of SMME's in the manufacturing sector, compared to 14.1% for large manufacturing enterprises. Among developing regions, Africa has the lowest export share at 3%, compared to 8.7% for developing Asia.

Participation by SMME's in direct exports of services in developing countries is negligible, representing only 0.9% of total services sales, compared to 31.9% for large enterprises. SMME's in developed countries trade relatively little compared to larger firms, despite the fact that they make up the majority of exporters and importers.

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

has previously been neglected during much of the century, following the discovery of 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, the average capital cost per job created is usually lower than in big business and its role in technical and other innovation is vital.

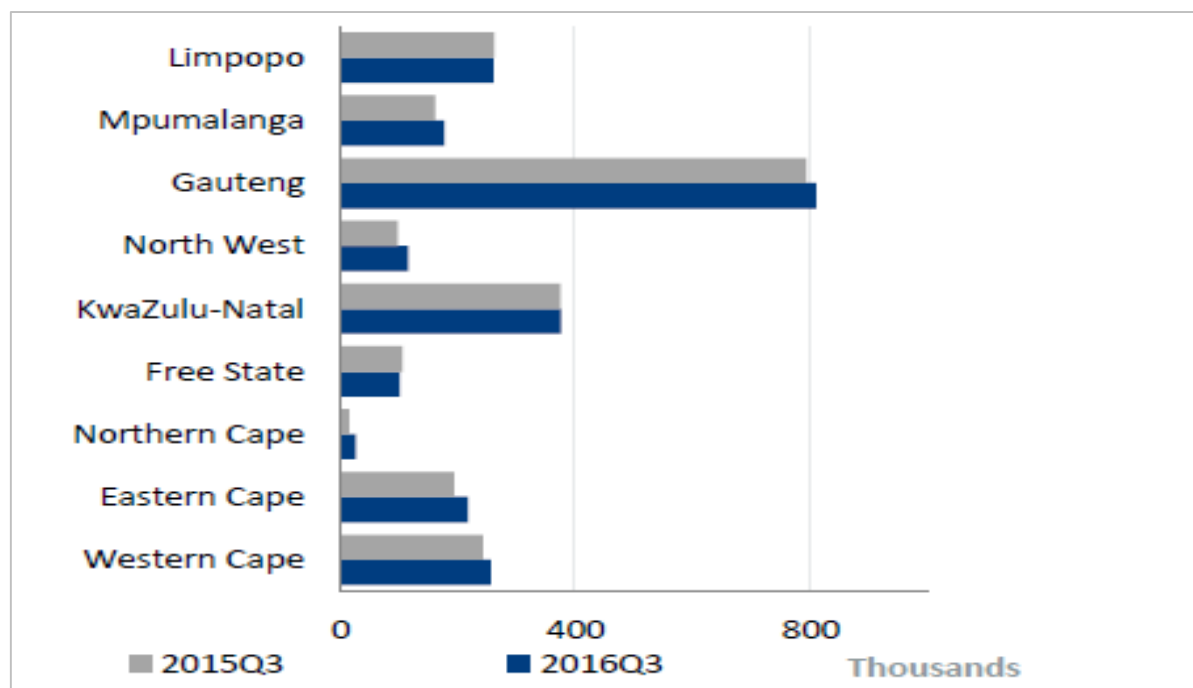
Globally over the last decade, it has become clear that big business and the formal economy is not able to create sufficient employment and that SMME's are key drivers of growth and job creation in better performing and more stable economies. This has been shown to be the case in Germany, India, Malaysia, the People's Republic of China and Taiwan, amongst others, in which small businesses represent over 95% of total businesses and employ between 60% and 85% of the total workforce. On the other hand, the contribution and participation of small business in the South African economy is far below its potential. SMME's represent 98% of all businesses, but employ only 47% of the total workforce¹².

The number of SMME's in South Africa continues to trend upwards and by Q3 2016 the total number of SMME's had increased to 2.34 million, a 4% year-on-year increase on the 2.25 million SMME's in Q3 2015¹³. As illustrated by figure 4 below, over 800 000 (35%) of the SMME's are concentrated in the most populous and fastest growing province, Gauteng.

¹² <https://finances.worldbank.org/Other/MSME-Country-Indicators-2014/psn8-56xf/data>

¹³ Bureau of Economic Research, Stellenbosch University, 2017, based on StatsSA Q3 2016 statistics

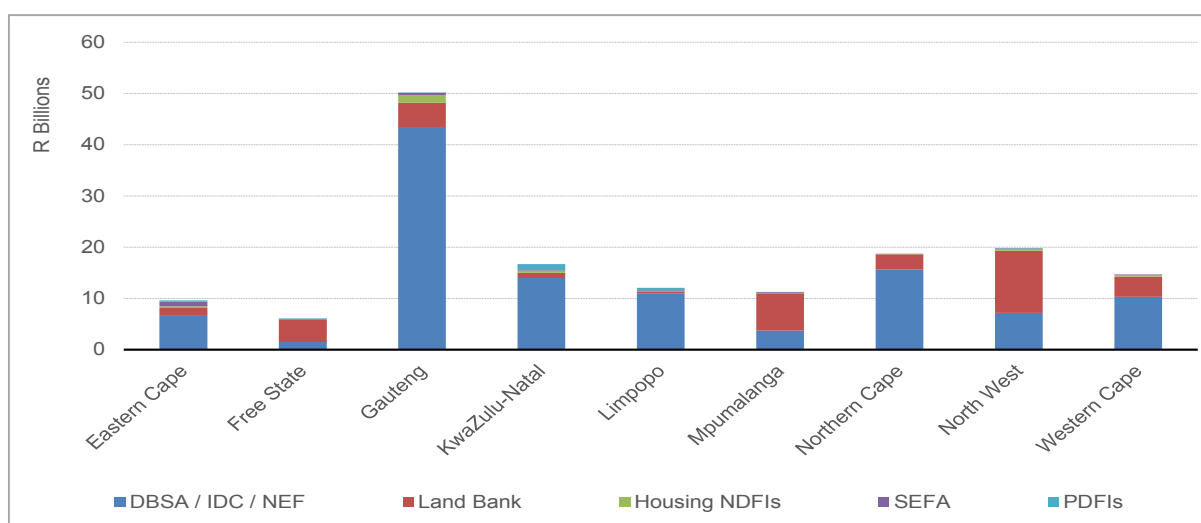
Figure 4: Provincial distribution of SMME's in South Africa



Source: BER, Stellenbosch University, (StatsSA data)

While there is a high concentration of SMME's in the province, available financial resources are unevenly spread, thus compromising SMME growth potential and economic growth. As illustrated by figure 5 below, Gauteng has the highest concentration of DFI investment and financing assets. Over R40 billion of DFI funding is concentrated in the province. However, it has been difficult to quantify their impact on SMME development, hence the need for an integrated approach across government and the DFI's.

Figure 5: Provincial concentration of DFI investment and financing assets



Source: National Treasury – 2017

Township Economy Baseline Survey

Largely due to high unemployment and job losses in key sectors of the economy, indications are that the informal sector is growing faster than the formal sector, having increased employment by 11% compared to 5% in the formal sector, the majority of which emanated from the Ekurhuleni Metro, a result of the decline in the manufacturing sector in the region.

The growth in informal businesses, as measured by the number of non-VAT registered businesses, is largely attributed to unemployment and having no alternative source of income. This is also evident in the township economy baseline survey conducted by GDED in 2017¹⁴, covering the metro of Ekurhuleni and the Sedibeng district, which found that 50% of small businesses were started for survival reasons, not motivated by entrepreneurial and job creation reasons. Further findings of the survey included:

- 1) Dominant township businesses are spaza shops, salons, fruit and vegetables and shebeens;
- 2) The majority of township businesses employ 1-5 people;
- 3) Only 22.3% out of 5 918 interviewed township businesses are registered, the rest are informal;
- 4) 60% of the businesses had survived more than 2 years. However, the lifespan 0 to 1 year accounted for a relatively larger share, compared to other individual lifespan categories;
- 5) Business supplies are mostly purchased from wholesalers/chain stores and sold within the communities;
- 6) Retail, services and manufacturing sectors are the largest employers;
- 7) Across the three sectors, the biggest business challenges are:
 - a) Customer related issues, including bad debts and fights;
 - b) Crime;
 - c) Competition;
 - d) Finance related issues;
 - e) Entrepreneurial barriers;
 - f) Lack of funding;
 - g) Expensive electricity;
 - h) Lack of skills;
 - i) Shortage of land; and
 - j) Lack of shared infrastructure.

Notwithstanding the above, as the pioneers of the township economy revitalisation, Gauteng continues to make significant progress in empowering township based enterprises, Co-operatives

¹⁴ GDED, *Gauteng Township Baseline Survey, 2017*

and SMME's. As the Premier pronounced in 2016¹⁵, *"we will demonstrate that the township economy is becoming a beehive of activity with regard to innovation, entrepreneurship, empowerment and decent employment"*.

Gauteng's commitment to building township enterprises through government procurement was demonstrated by an increase in spending on the township economy from R600 million in 2014 to R6 billion in 2016¹⁶. By the end of 2016, overall GCR-wide township spend was at 22%, compared to less than 4.5% prior to 2014. With an initial target of 30% spend on township enterprises by 2019, the Premier announced in 2017 that this target would be stretched to 40%¹⁷.

1.2 THE GEP PERFORMANCE ENVIRONMENT

As highlighted above, SMME's are acknowledged as the engines of growth in the economy, yet face formidable constraints that hinder them from realising their full potential. Limited market access remains a critical constraint to their growth and thus a key focus of the work of GEP.

Over the past five years, the provincial mandate and the demand for entrepreneurial development has increased, while resources to meet the growing demands have decreased. The entrepreneurial environment continues to face a huge financing gap, between 44-46 percent, with banks providing support mostly to established businesses, while small businesses get assisted at their last stage of development. This normally excludes most SMME's, due to the lending measures/criteria being so stringent. A focus on the whole SMME lifecycle and value chain must thus inform the GEP approach (ideation/pre start-up and start-up/incubation and growth/expansion and decline/rescue).

Development Finance Institutions residing at a national level own about 91 percent of the DFI assets, whilst those at a provincial level own 4.5 percent. The lack of an integrated approach to SMME development limits the necessary interventions to stimulate the ailing economy. The recent technical recession and the sovereign rating downgrade imply that the Gauteng Enterprise Propeller should do more with less, and aggressively pursue strategic partnerships and revenue generation interventions. GEP has, therefore, acknowledged the need to significantly strengthen its stakeholder database and to drive a cohesive, integrated approach to SMME and Co-operatives development support among the DFI's operating in the province. The plan is to kick-start this process by hosting a provincial DFI summit during the 2017/18 financial year, and ensuring the outcomes continue to be implemented in the 2018/19 planning period.

The limited number of registered businesses in townships means that only a relatively few SMME's and Co-operatives benefit from government programs (set-asides) and entrepreneurship support. The low level of registration also depicts that very few businesses in the townships would graduate into the mainstream economy. This calls for the Gauteng Enterprise Propeller and other partners to ramp up the *Qondisishishini Lakho Campaign* (fix your business), which over the past few years has only realised a few businesses across Gauteng townships registering their businesses through

¹⁵ Gauteng State of the province Address, 22 February 2016, as cited in the GPG midterm review report (2017)

¹⁶ Gauteng State of the province Address, 21 February 2017, as cited in the GPG midterm review report (2017)

¹⁷ Gauteng State of the province Address, 21 February 2017, as cited in the GPG midterm review report (2017)

this campaign. For the planning period, GEP will increase its business development support to increase entrepreneurship education and support in the townships.

Township businesses are largely consumption oriented as compared to production oriented, with very little benefit in terms of township economic growth – a total of R8 billion leaves townships per annum. GEP plays a vital role in changing the township ownership structure and in promoting a production focus and local value chain development. This includes creating market access for township economies to participate in the mainstream economy and sell their products/services beyond the borders of townships.

In this context, table 2 below provides a summary of GEP performance to date, over the period of the Strategic Plan:

Table 2: GEP performance 2014/15 to 2016/17

Fin Year	No. of SMME's Supported		No. of Co-ops Supported		AG Audit Opinion	Debt Collection
	Total Supported	Jobs Created	Total Supported	Jobs Created		
2014/15	8 690	2 708	1 269	107	Unqualified: Financial Audit-unqualified AOP - qualified	R10.1m
2015/16	8 341	1 583	2 631	397	Unqualified: Financial Audit-unqualified AOP - unqualified	R8.5m
2016/17	4702	3 300	1042	577	Clean: Financial Audit-clean (no findings) AOPO – (unqualified with material findings)	R14.6m
2017/18 (April 2017 - Jan 2018)	2754	1303	568	418	N/A: audit processes not concluded	R15.1m
Total	24 487	8 894	5 510	1 499		

In the financial years 2014/15 and 2015/16, more SMME's and Co-operatives were provided with non-financial support due to increased demand for non-financial support. However, over the past year, the GEP financial resources have not been aligned to its growing mandate and responsibilities, thus limiting the support provided to SMME's and Co-operatives. There has also been a decreased demand for non-financial support in 2016/17, due to factors such as training fatigue.

Overall, the Agency's performance against the 2016/17 Annual Performance Plan reflected an achievement of fourteen (14) targets against the planned nineteen (19) targets for the financial year, translating into an overall annual achievement of 74%. The five (5) areas of non-achievement and mitigation actions being implemented in 2017/18 are highlighted in table 3 below:

Table 3: GEP areas of non-achievement and mitigating actions

Areas of Non-Achievement	GEP Challenges	Mitigation Actions
Number of new Co-operatives supported financially in the prioritized sectors: 71 of the targeted 110 Co-operatives were supported	Low volumes of new Co-operatives applying and qualifying for financial assistance	Databases of government departments and entities will be utilised to source Co-operative applications in the 2017/2018 financial year
Number of SMME Centres of Excellence (COE's) established	The existence of external dependencies negatively impacted on delivery against this target	The project was transferred to the Gauteng Growth and Development Agency (GGDA) in the third quarter of 2016/17, for this entity to provide the required resources and project management support
Number of small Businesses in the industrial parks through Business Development Support (BDS) interventions supported: 80 of the targeted 250 businesses were supported	The target was not achieved, due to the low number of small businesses in the industrial parks qualifying for support	Business development support interventions to continue, where required
Number of existing SMME's non-financially supported in the prioritised sectors: 1 161 SMME's were supported against the targeted 1400	The target was not achieved due to the low number of SMME's qualifying for support	Applications continue to be assessed against GEP's qualifying criteria for non-financial support
Number of Co-operatives supported through Business Development Support (BDS) interventions: 472 of the targeted 500 Co-operatives were supported	Low volumes of Co-operatives applying and qualifying for Business Development Support	Partnerships will be utilised by GEP to source Co-operative applications in the 2017/2018 financial year

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

TER and TMR strategies. As at the end of January 2018, progress for the initial ten month period of the 2017/18 financial period was as follows:

- 1) 636 SMME's financially supported in the prioritised sectors against the planned annual target of 700. The annual target remains on track towards achievement by year-end;
- 2) 2 118 SMME's non-financially supported in the prioritised sectors, exceeding the annual target of 2 000 by 118;
- 3) 507 Co-operatives non-financially supported in the prioritised sectors, exceeding the 2017/18 annual target of 400 by 107; and
- 4) 797 township based informal business supported through Business Development Support (BDS) interventions, exceeding the target of 700 by 97.

However, against the annual target of 200 for 2017/18, only sixty one (61) Co-operatives were financially supported in the prioritised sectors. To assist in increasing the uptake, GEP hosted a workshop for more than 300 Co-operatives in the 3rd quarter to improve their product awareness and the GEP qualifying criteria. The Agency continues to experience challenges with regards to some Co-operative applicants failing to meet GEP compliance requirements. Mitigation actions by GEP included the increased collaboration with GGP departments and entities, as a means for achieving access to a wider pool of Co-operatives to be assessed against GEP's qualifying criteria. Although challenging, as a SOPA priority, GEP remains committed to sourcing new Co-operatives and ensuring their sustainability. The proposed integrated GPG-aligned database will assist the Agency in meeting future Co-operative targets. The 2018/19 focus areas will also include the provision of pre-investment support to Co-operatives, so as to enable them to benefit from financial support from GEP and other public and private sector institutions.

In the 2018/19 financial year, GEP focus will shift more towards the provision of incubation and pre-investment support to Co-operatives, so as to enhance their ability to leverage on the available funding and investment opportunities. The expansion of their job creation potential by pursuing more high impact projects led by Co-operatives (which are not traditionally known to employ in large numbers) can yield high employment and economic multipliers.

GEP's focus on debt collection is beginning to yield positive results, with a total of R14.6 million collected in 2016/17 against a collection target of R10m. The Agency is targeting R15 million in 2017/18. The organisation has improved its audit outcomes by obtaining a clean audit in 2016/17, which is a positive reflection on the strength of the internal controls implemented by the organisation. GEP remains optimistic that the AG clean audit outcome will be retained on financial management and achieved on predetermined objectives in the 2017/18 financial year. Therefore, the focus on ensuring all internal audit and prior year external audit recommendations are closely monitored and tracked to completion/resolution.

In planning for 2018/19 and the MTEF, GEP has taken into consideration the determinants of business longevity, which include¹⁸:

- 1) Investment at the start of the business – businesses are more likely to fail if the owner does not provide start-up capital and only relies on government and other funding. Given the GEP target market, this means GEP is primarily dealing with a market likely to fail – where people

¹⁸ GDED, Gauteng Township Baseline Survey, 2017

start businesses for survival reasons, rather than being motivated by entrepreneurship and job creation, i.e. necessity driven, rather than opportunity driven entrepreneurship.

This highlights the importance of pre-investment readiness development and for GEP to focus on non-financial support services to ensure businesses are adequately developed and capacitated before being capitalised, either by GEP, other DFI's or the commercial banking sector.

- 2) Type of market the business operates in, thus requiring a customised approach to supporting businesses in the different markets, with a clear focus on priority sectors.

- 3) Level of owner's educational attainment, business experience and age:

GEP, is required to carefully design and customise its non-financial support product offerings in line with the different level of education for business owners and / or members of co-operatives as a one-size fits all approach would be ineffective in addressing diversities in this regard.

- 4) Access to equity and debt and being able to leverage both financially:

Considering the risk averse approach of the commercial sector to funding start-ups and GEP's limited availability of capital, it is imperative for the organisation to not only work closely with other DFI's, but to support high potential SME's with the development of sound, bankable business plans. With bankable business plans in hand, GEP will be in a stronger position to stimulate interest and gain the support of commercial banks to invest in small and medium businesses.

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

The prevailing low growth environment and technical recession experienced in 2017 also negatively impacted SMME's and Co-operatives, due to factors such as decreased consumer confidence, reduced market demands and the closure of some businesses, coupled with disinvestments. The need for hand-holding and the provision of business rescue services is, therefore, becoming ever more important. Compounded by the budget squeeze (fiscal constraints) in the current financial year, means that fewer SMME's and Co-operatives will be benefitting from government programmes to support their growth and development. The Gauteng Enterprise Propeller thus needs to reduce its targets in line with the reduced budget availability.

During these difficult times, GEP is faced with tough choices on whether to focus on supporting a fewer number of high impact projects or higher volumes of smaller scale projects with reduced funding thresholds that would benefit a larger number of SMME's and Co-operatives, in order to reduce potential risks of return on investment due to the decrease in demand. In 2017/18, the APP focus remained on the provision of support to a higher volume of SMME's. GEP aims to meet its 2018/19 APP targets and at the same time achieve a greater contribution towards the reduction of unemployment and alleviation of poverty. This has necessitated that the Agency shifts from its traditional quantitative approach to target setting and move towards a results based target setting that will improve the sustainability of SMME's and Co-operatives and lead to greater impact.

More aggressive handholding support and post-investment efforts will also form part of the non-financial support interventions for 2018/19.

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

- 1) In the 2016/17 financial year, 3 197 applications were received for interventions to be provided to SMME's, of which 708 were granted financial support through loans, the Township Business Renewal and Community Fund programmes. The total value of the approved deals was R73.5m, at an average deal size of R415 000.
- 2) As at end Q1 2017/18, a total of 210 applications had been received, of which, 128 applications were over R500 000; 76 applications between R50 000 and R350 000; and only 6 applications below R50 000. The total value of the 210 applications is R268 million, at an average deal size of +- R1.25 million. The conversion rate was 16%.
- 3) As at end Q2 2017/18, a total of 70 applications had been received, of which, 22 applications were over R500 000; 24 applications between R50 000 and R350 000; and only 6 applications below R50 000. The total value of the 70 applications is R38 million, at an average deal size of +- R 500 000. The remaining 18 applicants did not specify the funding amount required.
- 4) As at end Q3 2017/18, a total of 430 applications had been received, of which, 39 applications were over R500 000; 21 applications between R50 000 and R350 000; and 318 applications below R50 000. Of the 430 overall applications received in Q3 a total of 378 was valued at R 265 million, at an average deal value of +- R 700 000. The remaining 52 applicants did not specify the funding amount required.
- 5) The demand threshold for financial support in the 2017/18 financial year has been significantly higher than what GEP could afford based on available budget. This has contributed to a wider gap when it comes to matching the GEP's delivery expectations of broadening its support to township SMME's and Co-operatives and the available limited resources. This further compromises the Agency's ability to deliver high impact projects in line with the provincial TMR strategy and thus requires greater collaboration with Gauteng-based DFI's, so as to improve utilisation of the limited resource base to the benefit of township businesses.

Considering the constraints on financial support, GEP will aim to increase its focus on the non-financial/development side (skills and capacity development) of SMME's and Co-operatives until they are ready to access funding or markets.

All factors considered, GEP's key 2018/19 targets are:

- 1) To support 250 SMME's financially in the priority sectors (700 estimated for 2017/18);
- 2) To support 750 township based informal businesses (797 estimated for 2017/18);
- 3) To support 100 township manufacturers to produce goods for local consumers (100 estimated for 2017/18);
- 4) To support 100 township based construction enterprises non-financially (30 estimated for 2017/18);

- 5) To ensure 600 youths benefit from the Youth Accelerator Programme (1 000 estimated for 2017/18). This is in direct response to the 2018 SONA, in which the President reflects that “our most grave and most pressing challenge is youth unemployment”. This programme seeks to provide training, job placement and business support interventions to Gauteng’s unemployed youths. It is GEP’s contribution towards drawing a greater number of young people into “productive economic activity”.

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

GEP and the other DFI’s in the province (and nationally) continue to struggle with ensuring the sustainability of Co-operatives, due to many factors, including ethnicity, education levels and battles over the control of the R350 000 start-up capital which is made available. Many Co-operatives have become opportunistic businesses and collapse post-support, hence the need to stimulate an entrepreneurship mind-set and change of attitude, in order for them to move from being survivalist oriented to becoming sound, sustainable organisations. An assessment of the challenges has been conducted and GEP is exploring opportunities to establish a bridging training course and compulsory pre-investment training for Co-operatives (and SMME’s), as a precursor to accessing incentives/grants. Opportunities to structure Co-operatives across the whole value chain (from production to packaging to logistics) are being considered, for example, each Co-operative member is to be allocated to a specific part of the value chain, thus becoming a specialist in that area.

The 2018 SONA requires that young South Africans should shift to the centre of the country’s economic agenda and reflects a commitment for government to create a million internships in the next three years. Entities such as GEP are thus required to work in partnership with business and other key stakeholders in creating opportunities for young people to be exposed to the world of work through internships, apprenticeships, mentorship and entrepreneurship.

GEP is also conscious of the high level of unemployment amongst young graduates and, as such, will contribute towards increasing the number of job opportunities created through Co-operatives during 2018/19 by facilitating the placement of 100 interns that will work within the Co-operatives, so as to reinforce their skills base. The job creation potential of Co-operatives would improve as a result of this intervention, that is to be pursued in collaboration with Skills Education Training Authorities, with an additional 100 youths being able to actively contribute towards building the Gauteng economy.

Non-financial support in terms of training for SMME’s has become challenging, as many of the small businesses have experienced training fatigue and now require funding. Therefore, GEP needs to strengthen partnerships with other DFI’s and banks in the province. This will increase the capacity of the organisation to ensure these investment ready organisations are provided with the financial support to transition into the mainstream economy.

Key GEP SMME and Co-operatives Development Projects (2017/18)

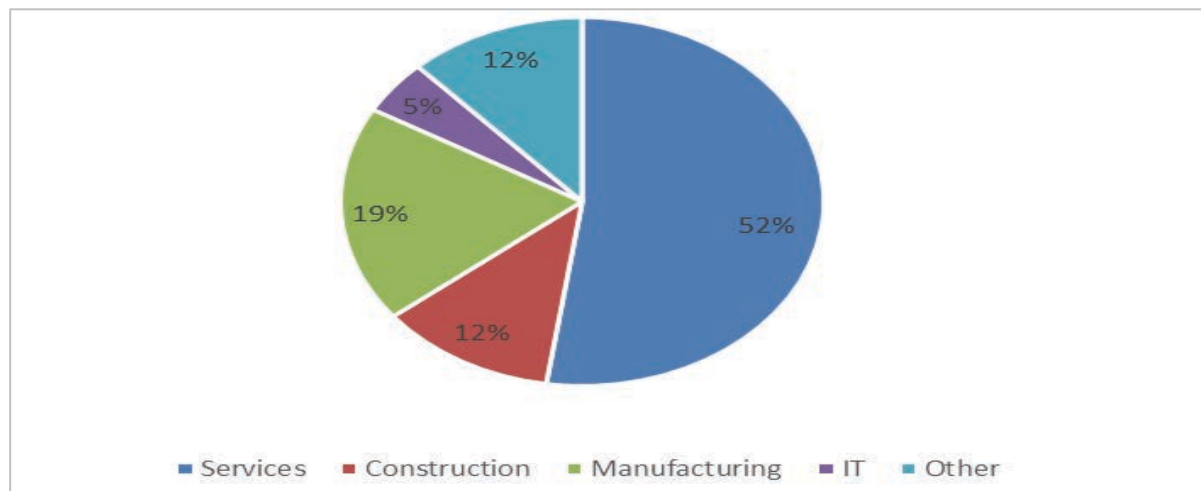
Table 4 below reflects the key projects being supported by GEP during the 2017/18 financial year.

Table 4: GEP key projects being supported for the 2017/18 financial year

Project Name	Description
Construction Eco-System Centre	<p>To house all construction manufacturing competencies with a focus on township contractor development and support (e.g. accreditation and formalisation of construction SMME's). The project will contribute towards the transformation of the construction sector.</p> <p>During the 2017-2019 period, at least 50 enterprises will be incubated on the ecosystem, linked to the Department of Human Settlements' construction of RDP houses.</p> <p>It is envisaged that more than 2 000 direct jobs will be created during the implementation of the programme.</p>
Pitching Booster Programme	Aimed at bringing business funding opportunities and business development support directly to township SMME's and Co-operatives – providing a platform for pitching original business ideas to a panel of business experts and potential investors.
Incubation of Automotive Sector Informal Businesses	The three year incubation programme is continuing, with 75 backyard mechanics having been taken through training and business development support that will see them accredited, and also equipment to assist to kick-start their businesses.
Establishment of the Township Local Producer Incubation and Wholesale site	<p>The Incubation seeks to assist 100 Gauteng local producers to secure accreditation, in order to access a formal market.</p> <p>Furthermore, the incubation will be linked to Wholesale, which will allow local producers to sell to market their completed products.</p>

Figure 6 below highlights the increased support to SMME's within the manufacturing, services and construction sectors, mirroring the 2016/17 growth trends in these sectors at a provincial and national level.

Figure 6: Distribution of supported SMME's by sector



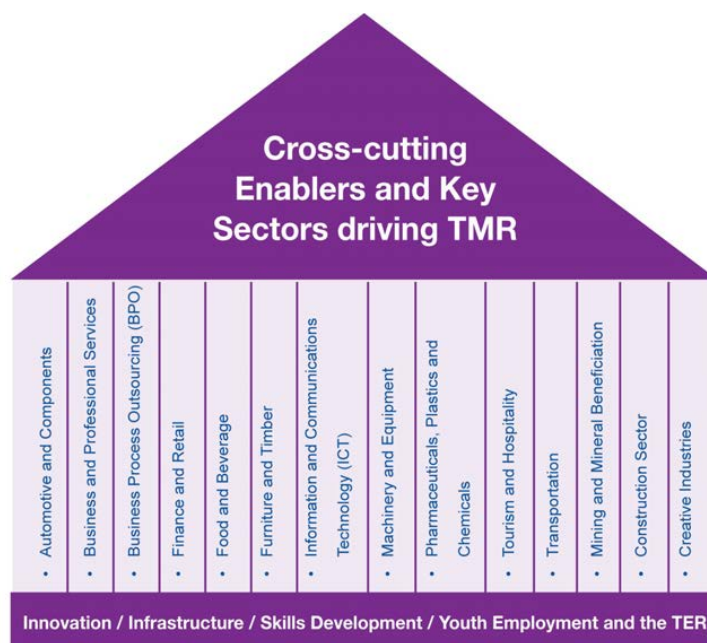
While the numbers above provide a view of the activities of GEP, it remains a challenge to measure and understand, for decision-making purposes, the impact of these activities. To this end, an impact assessment is currently underway, which will be concluded by the end of the 2017/18 financial year. GEP will also be piggybacking on the research work being done by DED through the Gauteng Economic Barometer and Township surveys.

Sector and Project Prioritisation as the Final Push to the End of Term

GEP is mandated to intervene and support the development of SMME's and Co-operatives in the 11 priority sectors. However, as highlighted above and due to limited resources, GEP is challenged to make meaningful impact across all the sectors.

There is thus a need to prioritise the sectors where the highest impact can be made. In determining priority sectors, the GEDP provides a framework for evaluating where the highest impact can be made based on the cross-cutting themes/enablers of the GCR/GEDP policy framework referred to earlier, and highlighted in figure 7 below:

Figure 7: Cross-cutting enablers and key sectors driving the TMR



Source: Adapted from the Gauteng City Region Economic Plan (GDED)

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

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

1) Wholesale and Retail sector:

In 2018/19, against the Deliverology target to support 100 SMME's, GEP is targeting the creation of 800 temporary jobs and 80 permanent jobs through the establishment of a wholesale warehouse that will house 100% locally produced goods. This will assist local producers in terms of gaining accreditation for their products and services and being able to scale-up production levels. It will further enable them to utilise the incubation and warehouse benefits for improving their access to markets and overall competitiveness of their products due to economies of scale. This would reduce the outflow of cash from townships and contribute effectively towards the modernisation and transformation of township economies.

2) Construction sector:

The construction industry is dominated by the major big five players and the TRM calls for us to transform this industry. GEP has thus taken a deliberate stance to ensure that the R10bn on average spent by government in the construction sector lands up in the hands of township masses. The Construction Ecosystem Centre seeks to ensure that building

materials are manufactured by people in the townships. All building competencies, material supplies, accreditation, manufacturing and professional bodies are to be housed in this centre to enhance sustainability of the sector.

The accreditation of 140 brick manufacturing SMME's, including incubating SMME's and Co-operatives for a period of five years to propel them from CIDB Levels 1–4 to CIDB levels 5–9, thus remains a key areas of focus.

3) Furniture sector:

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

- a) The establishment of furniture manufacturing centres (pop-ups) in identified townships; and
- b) The incubation of 30 SMME's in the furniture sector across 3 identified corridors (Eastern, Central and Northern corridors), creating 60 direct jobs.

Although not all of the cross-cutting enablers for determining the economic sectors to prioritise, as well as the strategic focus areas, are relevant to GEP, it has provided guidance in determining the priority focus areas and projects for 2018/19, as summarised in table 5 below.

Table 5: GEP assessment of projects for 2018/19

Existing Project to Continue	Existing Projects to Discontinue (Reasons)	New Projects for 2018/2019 MTEF (Rationale)
Sector Specific Centres of Excellence - Construction Eco System Centre	SMME and Co-operatives Ombudsman – Led by Consumer Affairs	Access to Markets: SMME's and Co-operatives supported with off-take agreements
Revenue Generation Partnerships (DM, EMM, KPMG, T&T Embassy, Services SETA, etc.)	Agricultural Distribution Centre – Led by GDARD	Co-operatives supported to be investor ready – Strengthen Co-operatives focus
Business Ideas Bank - Pitching Booster Programme	Project with Medunsa for Disabled Entrepreneurs – No progress in project	
Deliverology (Wholesale and Retail) - Township manufacturers supported	Waste Management Centres in Townships - Resource limitations	
Deliverology (Construction) - Township construction enterprises supported		
GEP continues to support Tshepo 1 Million through the		

Existing Project to Continue	Existing Projects to Discontinue (Reasons)	New Projects for 2018/2019 MTEF (Rationale)
implementation of the Youth Accelerator Programme		

2018 SONA Priority Areas

The 16 February 2018 SONA, delivered by the President of the Republic of South Africa, Cyril Ramaphosa, highlighted the following key government focus areas, which have informed the GEP 2018/19 priority projects:

- 1) Township Small Businesses and Co-operatives – economic growth sustained by small businesses. This requires continued investment in small business incubation;
- 2) Re-industrialisation/stimulate manufacturing – on a scale and at a pace that draws millions of job seekers into the economy. This process must be underpinned by transformation;
- 3) Promote investment in the manufacturing sector, through the strategic use of incentives and other measures;
- 4) Implementation of a localisation programme to stimulate manufacturing, products such as textile, clothing, furniture, designated for local procurement;
- 5) Transformation:
 - a) Developing a new generation of black and women producers that are able to build enterprises of significant scale and capability;
 - b) Opening market access opportunities for South African products, thus contributing to job creation and the growth of South Africa's industrial sector;
 - c) Utilisation of the competition policy to open up access to markets for new black entrants, and investing in the development of businesses in townships and rural areas;
 - d) **Job creation for youth** - placing the youth at the centre of South Africa's economic agenda through the creation of employment, training, internship and skills development opportunities;
 - e) Promote entrepreneurship - developing a small business support ecosystem that assists, nourishes and promotes entrepreneurs.

GEP 2018/19 Priority Projects

Considering the need for sector prioritisation, the 2018 SONA commitments, the status of 2017/18 projects and Deliverology, the GEP 2018/19 priority projects are reflected in table 6 below.

Table 6: GEP priority projects for 2018/19

Name of Programme/Project	TMR Pillar	GCR Corridor	Economic Sector (GEDP)	Key Output	Annual Target 2018/19	Impact/ Outcome to be achieved	Budget 2018/19
Construction Ecosystem Centre	1, 6	Eastern	Construction	Infrastructure Development and Operational Masterplan	Infrastructure Development and Operational Masterplan for the Construction Ecosystem Centre	Sector Specific Centres of Excellence – supporting graduation of SMME's to higher levels	R4m – Deliverology
Pitching Booster Programme	1,6	All	All	SMME's supported through the Pitching Booster Programme	250	250 SMME's supported through the Pitching Booster Programme by 2018/19	R2m
Youth Accelerator Programme	1,6	All	All	Employment, training, mentorship and skills development opportunities for youth	600 youths to benefit from the programme	Enhanced participation of youth in the economy. GEP's graduate placement programme utilised, as a vehicle for SMME's and Co-operatives to contribute towards reducing unemployment by creating internship opportunities for young graduates	Partnerships: SETA's
Access to Markets for SMME's and Co-operatives	1	All	All	SMME's and Co-operatives supported with off-take agreements	15	15 SMME's and Co-operatives supported with off-take agreements by 2018/19	Internal Resources
Easing doing business for SMME's and Co-operatives - Gauteng DFI Dialogue	1	All	All	Gauteng Based DFI's working together to support SMME's and Co-operatives	1 Gauteng DFI Dialogue hosted	Reduce double dipping; and improve alignment	R500k
GIBUS - Township informal	1	All	All	Township based informal businesses supported	750	3000 dependents of informal businesses	R2m

Name of Programme/ Project	TMR Pillar	GCR Corridor	Economic Sector (GEDP)	Key Output	Annual Target 2018/19	Impact/ Outcome to be achieved	Budget 2018/19
businesses supported						would benefit indirectly (based on an assumption of each supporting 4 dependents)	
Wholesale and retail - Township manufacturers supported	1,9	All	All	Township manufacturers supported to produce goods	100	880 direct jobs to be created by 2018/19	R3m
Co-operatives supported to improve investment readiness	1,6,9	All	All	Co-operatives supported to be investor ready	100	100 Co-operatives supported to be investor and market ready by 2018/19 creating 500 jobs (1 Co-operative made up of 5 members). 2000 dependents of Co-operative members would thus benefit indirectly.	R4m
SMME's supported financially	1,6,9	All	11 priority sectors	Enterprises supported financially by 2018/19	250	Increased participation of SMME's in the mainstream economy by 2018/19	R23m
SMME's supported non-financially	1,6,9	All	11 priority sectors	Enterprises supported non-financially by 2018/19	1500		R20m

Table 7: GEP specific Deliverology projects for 2018/19

Name of Programme/ Project	TMR Pillar	GCR corridor	Economic Sector (GEDP)	Key Output	2018/19		
					Annual Target	Job creation target	Budget
Wholesale and retail - Township manufacturers supported to produce goods	1,9	All	Wholesale and Retail	100 township manufacturers supported to produce goods by 2018/19	100	880	R1m

Name of Programme/ Project	TMR Pillar	GCR corridor	Economic Sector (GEDP)	Key Output	2018/19		
					Annual Target	Job creation target	Budget
Construction – Construction Eco System Centre	1,6	All	Construction	Infrastructure Development and Operational Masterplan	Infrastructure Development and Operational Masterplan for Construction Ecosystem Centre	N/A	R4m
Furniture manufacturing centres	1,6	All	Furniture	Furniture manufacturing centres established (incubation of SMME's)	30	60	R3m

As 2018/19 is the final push to the end of term, in preparation for the end of term review, GEP has prioritised gaining better insight into the impact of its interventions on the SMME's and Co-operatives landscape. The salient points of the draft impact study that was conducted during 2017/18 are summarised below.

Summary of GEP Impact Study Findings (Draft):

The GEP Impact Assessment Study conducted in 2017/18 reflects positive findings in key areas, including, annual turnovers of SMME's within the scale of R500 001 to R1000 001 that increased from 6.5% before GEP support, to 16.9% after GEP support, signalling a positive progression in high impact businesses but fewer SMMEs (i.e. 1.3%) having progress to turnover amounts at the level of R50 000 000 and above. On the other hand, there has been a reduction in the number of businesses in the range of R0 to R200 000, from 62.3% to 46.8%.

The study indicated that positive achievements were recorded in terms of increased registration numbers and customer numbers. Although SMME's benefitted from the Investment Management programme, they registered a reduced support for accreditation or quality assurance. Contrary to Investment Management, the Business Development Support (BDS) registered an increase in formal accreditation of products from 21.6% to 39.7% (18.1% increase).

Since accreditation and quality assurance are not cheap interventions, GEP will need to generate more resources or link with other DFI's to provide this kind of support. GEP also needs to revise its loan thresholds offered to township businesses as many of the SMME's participating in the study require higher loan amounts to grow their businesses.

It was found that the support provided by the BDS programme had a significant positive impact on the total gross asset value of the businesses involved in the programme with the R200 000 to R500 000 range showing a 12.95% increase when compared to asset values before the BDS support. The study found that more people were employed after the BDS. Respondents indicated that they had between 2 and 5 people in their employ before assistance from GEP, and this quantity of employees increased in terms of percentage from 6.3% to 14.8% after GEP's support. The best performing aspect related to GEP effectiveness was the professional service that was

provided. Participants believed that the Agency's understanding of the SMME environment was sufficient.

The key recommendations of the GEP Impact Study (Draft) are:

- 1) GEP needs to improve or increase its advertising campaigns for more people to be aware of the service offerings that are available;
- 2) GEP needs to provide mentorship as part of the BDS packages in order to provide the client base with the business skills required to be successful;
- 3) GEP needs to do more regular follow-ups with businesses after loans/business development support has been granted; and
- 4) GEP to shift from driving quantities to fewer, more high impact interventions.

Considering GEP's resource constraints, it may not be possible to immediately implement all the recommendations of the impact study in one financial year as this would require a significant upward shift in GEP financial resources. However, in the 2018/19 financial year, GEP will address the recommendations related to strengthening pre-investment support, assessing skills and providing training before funding, and strengthening post-investment support through ongoing mentoring to ensure enterprise sustainability and growth. As highlighted earlier, GEP is also targeting fewer, more high impact investment and business development support interventions rather than pushing numbers and limiting the impact of interventions.

1.3 THE GEP ORGANISATIONAL ENVIRONMENT

The structure of GEP was revised in the 2016/17 financial year to enhance the Agency's efficiency and responsiveness to the needs of Gauteng small businesses. The Agency's focus was on aligning its organisational structure to the mandate and strategy of GEP, with the aim of ensuring that its human capital is fit-for-purpose 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.

As discussed in the 2017/18 APP, a key feature of GEP's revised organisational structure has been the introduction and increased capacitation of a 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 the potential to increase GEP's footprint within the Gauteng City Region. The longer term aim is for the division to match GEP's budget with the same value of external resources mobilised, in terms of direct funding and in-kind through partnerships.

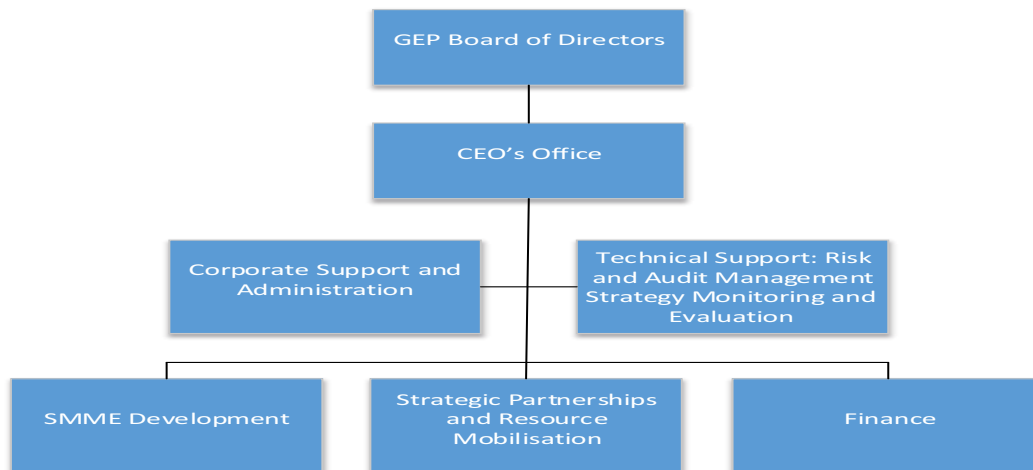
The structure also lays emphasis on strengthening GEP's footprint by ensuring adequate reach in the five regions aligned to the GCR development corridors. The increased GEP footprint has led to improved accessibility of GEP products and services by SMME's and Co-operatives and has further improved the Agency's reach to a greater number of township based businesses.

GEP continues to prioritise the filling of critical positions that will be pivotal to the delivery of its strategy. In reinforcing 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 that they 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 realisation 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 comprises the following divisions:

Figure 8: GEP high level organisational structure



While there have been considerable improvements in efficiencies through the implementation of GEP's new organisational structure, there remain significant organisational challenges. The 2018/19 annual planning process included a comprehensive assessment of the strengths and weaknesses of the organisation, with inputs received from the outgoing Board whose term ended in September 2017, the incoming Board that took office in October 2017, Exco, Manco and staff, the salient features of which are highlighted below:

- 1) A significant achievement has been the attainment of a clean audit outcome on financial information from the Auditor General for the first time (2016/17 financial year). This has been due to the management team driving the resolution of previous audit findings and, with the support of the Audit and Compliance Committee, ensuring the elimination of recurring issues, including a reduction in irregular and fruitless and wasteful expenditure.

The current focus is to ensure all audit findings on performance information are addressed, in order to move from an unqualified audit opinion (with findings) to a clean audit outcome on performance information in 2017/18 and beyond.

- 2) The importance of achieving a clean audit outcome cannot be understated, particularly considering the issues the organisation has faced in terms of fraud, corruption and cyber-attacks, and thus the dent to its reputation, which in turn impacts on the ability of the organisation to conclude partnering deals.

Decisive consequence management and building the reputation of the organisation are critical success factors for the 2018/19 planning period. This will include a concerted focus on addressing all areas of potential corruption through continual improvement of the systems and processes of the organisation, with a specific focus on strengthening the due diligence

processes and monitoring the effectiveness of the recently implemented automated application process.

Increased effort thus needs to be geared towards communication and stakeholder relations management to strengthen the profile of GEP and to more deeply penetrate townships in particular.

- 3) The organisation has significantly strengthened its effectiveness in key areas of the business, particularly in financial management, risk management, revenue generation and regional operations through the appointment of key senior management and staff members. A highlight has been the appointment of eight investment analysts to strengthen the due diligence processes of GEP, which in turn has supported improved loan collection rates.

The appointment of a permanent CEO and strengthening the Company Secretary function, however, remains outstanding and needs to be fast tracked.

- 4) Based on the revised strategy, certain organisational structure misalignments need to be addressed and the skills audit needs to be reviewed to ensure a proper fit between strategy, structure and capacity. This further needs to be supported with proper change management processes and a keen focus on building a performance, values-based organisational culture, supported with wide-ranging human capital development, recruitment and succession planning processes.

Key to strengthening organisational performance and building the culture of GEP is the urgent need to address the pressing labour issues and to build staff morale.

- 5) The Institute of Directors' appraisal into the effectiveness of the previous Board and Board Committees highlighted a number of critical issues (some of which have been discussed above), including the need to strengthen the trust relationship between Board members and the Executive, to develop and implement a proper Board induction programme, to strengthen risk governance in the organisation, ensuring the Credit Committee is more efficient and effective, building relationships with previous funding partners, and streamlining all processes impacting on the efficiency and effectiveness of the Board and its Committees.

While many of the improvement recommendations have been addressed by the previous Board, the new Board is focused on ensuring all remaining shortcomings are addressed in the short term, in order to ensure the focus of the organisation is on the final push to the end of term in 2018/19, without being side-tracked by inefficiencies and relationship concerns between Board members and the Executive.

- 6) The financial sustainability of GEP and the balance between operational costs and available budget for supporting the development of SMME's and Co-operatives is a vital constraint. In the climate of fiscal constraints, the funding allocation from the Shareholder is inadequate to meet the demand for GEP services, this is compounded by the relatively high operational costs (particularly personnel costs).

While some successes have been realised in supplementing the grant received from the Shareholder, the continued emphasis on upscaling revenue generation, business development and stakeholder mobilisation to support the mandate of GEP is required.

- 7) ICT governance is identified as a weakness, requiring improved system security, protection of information and records management, integration of stand-alone ICT systems, and strengthened disaster recovery and business continuity systems.
- 8) Considering that loan disbursements have historically exceeded R75 million per annum (although only R23 million is available for 2018/19), while debt collection is in the region of R15 million, credit risk approval and due diligence processes, while reflecting improvements in 2016/17 and 2017/18, require further attention and tightening of policies, procedures and systems relating to credit management and debt collection.

This includes the automation of processes (commenced in 2017/18), the development and implementation of a risk appetite framework, and strengthened due diligence, project management and contract management processes. The improved systems are also aimed at addressing concerns around the perceived lengthy turnaround times for loan approvals, which currently average six months.

Tracking the percentage of loans collected against total outstanding debt needs to be the key benchmark for monitoring debt collection progress and taking decisive action. In this way, the effectiveness of interventions can be monitored and modified to progressively improve the benchmark.

While the above highlights the key focus areas to strengthen organisational performance in 2018/19, the GEP revised strategic risk register and mitigation plan (attached as Annexure B of this APP) provides further detail, and will be used as the tool to enable continual improvements in the state of performance of the organisation, and to positively impact the AGSA audit opinion.

1.4 PRIORITIES INFORMING 2018/19 AND MTEF PLANNING – FINAL PUSH

This 2018/19 Annual Performance Plan reflects an intent to align to the priorities for GDED Entities as directed by the Gauteng MEC for Economic Development. Specifically, to ensure:

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

Furthermore, considering the discussion on GEP's performance delivery and organisational environment, the key planning priorities for 2018/19 include:

- 1) Build the reputation and credibility of GEP, and focus on strategy implementation and strengthened performance through improved efficiencies and effective stakeholder and partnerships management.
- 2) High up on the priority list is for the Board to support management in addressing the prevailing labour issues within the organisation, including regular, extensive engagements with labour.
- 3) The implementation of initiatives for the revitalisation of GEPs corporate culture to strengthen value-based conduct and behaviour guided by integrity and ethics.
- 4) Building on the existing revenue generation approaches and plans of GEP, to develop a comprehensive strategic partnerships and revenue generation (direct and in-kind) strategic implementation plan. This will inform future revenue generation approaches and targets towards the longer term target of matching external revenue to internal income.
- 5) To assess and leverage opportunities to build partnerships and encourage private sector investment in SMME and Co-ops development through Public Private Partnerships (PPPs).
- 6) To strengthen GEP's monitoring and evaluation system, to clearly highlight successes (motivational evidence) and failures (informing improved approaches). This will include the establishment of a performance and project monitoring dashboard, which will underpin and inform Board decision-making on a quarterly basis.
- 7) Adopt an organisational/operational risk-based approach and focus; this includes the development of a regularly updated Strategic Risk Profile.
- 8) Strengthened ICT governance and maturity levels, to ensure improved efficiencies, effectiveness and information/data security.
- 9) Continually monitor and review GEP funding thresholds in light of the budget squeeze, in order to meet APP targets.
- 10) Development of a comprehensive Co-operatives Development Strategy, considering the challenges GEP and other DFIs have with ensuring their sustainability.
- 11) Ensure focus on depressed regions (Sedibeng and West Rand).
- 12) Conclude the Impact Assessment and develop an impact improvement action plan, including implementation of various pre-and-post investment support programmes – a draft report was available as at the end of February 2018.
- 13) As the final push to the end of term and to strengthen alignment of performance data to TER, GEDP, Deliverology and the priority (game changer) projects:
 - a) Reprioritisation – “do more with less”;
 - b) Introduce key efficiency and effectiveness indicators (Programme 1) – absent in 2017/18 APP;
 - c) Strengthen consistency of the classification of GEP support interventions in compliance with the SMART criteria as required by National Treasury's Framework for Strategic Plans and Annual Performance Plans;

- d) Address misalignment between KPI targets and budget programmes/budget;
- e) Define critical partnerships and enablers to support delivery;
- f) Secure GEP B-BBEE accreditation;
- g) Conclude the organisational review project and implement the interventions through a comprehensive change management process.

While the 2018/19 APP attempts an initial consideration of GEP outcome and impact (through the inclusion of certain indicators), more work is required, as framed in the September 2017 outgoing Board close out report, to be taken forward by the new GEP Board of Directors.

2. REVISIONS TO LEGISLATIVE AND OTHER MANDATES

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

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

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

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

3. OVERVIEW OF 2018/19 BUDGET AND MTEF ESTIMATES

3.1 EXPENDITURE ALLOCATIONS

3.1.1 Summary of Actual and Budgeted Payments

Programme (R'000)	Audited Outcome			Main Appropriation	MTEF		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Programme 1	39 131	135 086	73 607	79 460	88 713	93 065	100 983
Programme 2	48 293	19 684	40 531	42 269	36 787	39 236	41 941
Programme 3	11 457	18 286	15 246	60 920	138 975	120 471	123 366
Programme 4	37 410	117 382	107 334	56 864	38 222	41 391	43 845
Total	136 291	290 438	236 720	222 374	302 697	294 163	310 135

3.1.2 Summary of Actual and Budgeted Payments by Economic Classification

All Programmes (R'000)	Audited Outcome			Main Appropriation	MTEF		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Current payments							
Compensation of employees	70 308	84 327	92 427	102 400	110 592	119 445	128 994
Goods & services	62 483	205 420	136 697	136 111	191 105	173 218	179 641
Transfers and subsidies							
Departmental accounts	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-
Payments for capital assets							
Transport equipment	-	-	-	-	-	-	-
Other machinery & equipment	3 500	691	7 594	1 000	1 000	1 500	1 500
Software & other intangibles	-	-	-	-	-	-	-
Total economic classification	136 291	290 438	236 718	239 511	302 697	294 163	310 135

3.2 RELATING EXPENDITURE TRENDS TO STRATEGIC ORIENTED GOALS

The entity's budget allocation increased by 1.2% from the year 2016/17 to 2017/18; it further increased by 21% from the year 2017/18 to the year 2018/19. From year 2018/19 to 2019/20, it reduces by 2% and then increases in the year 2020/21 by 5.2%. The slight increase from 2017/18 to 2018/19 is due to infrastructure projects that will be implemented in the current year 2017/18. The entity has identified sectors through Deliverology projects that have the potential to create jobs, due to their labour intensive nature. Amongst others, the following sectors have been identified for enhancement and to be given deliberate and targeted support: 1) Furniture for an amount of R3.3million; 2) Brick manufacturing/Construction for an amount of R4.2million; and lastly 3) Wholesale and Retail for a budget R1 million are provided for over the MTEF budget, to create self-sustaining Co-operatives that would yield job creation, formation of the Co-operatives into sustainable businesses, with access and provision of a conducive work environment, as well as required equipment.

The above budget and MTEF allocations support and contribute to the three Strategic Goals outlined in the Strategic Plan and are carried forwards in this 2018/19 APP. Arising from the 2018/19 planning process, specific considerations include:

- 1) The Agency's need to ensure adequate budget availability for certain key projects, such as strengthening the risk maturity level and ICT governance of the organisation, the rollout of which will require an estimated R2 million (i.e. R1 million each).
- 2) The need for sufficient budget to develop and implement robust, technology based, efficient and effective systems and processes to facilitate speedy delivery and implementation. The Agency will, in the 2018/19 financial year, invest in the further automation of its processes to enhance efficiency through the establishment of a customer service call centre that will provide an end-to-end service to applicants from the first contact with GEP up to the finalisation phases of applications. Further automating processes may require an increase in the ICT budget.
- 3) Any changes introduced to the programme and organisational structure of GEP will also impact on budget considerations, especially in the context of the implementing the organisational review recommendations and the specialised skills GEP require to strengthen the implementation of its Strategic Plan.
- 4) The need for a strengthened focus to establish strategic funding partnerships, including the leveraging of funding from partners directly to beneficiaries.
- 5) Over the MTEF period, a reduction in direct loan funding is envisaged, whilst more funding will be channelled into development interventions (non-financial support).
- 6) Businesses requiring loan funding may be assisted with project preparation and be linked with other potential partners, such as banking institutions, the Small Enterprise Finance Agency (SEFA) and other development finance institutions.
- 7) The revitalisation of township economies, which remains a priority for GEP, as the Agency continues to provide support to township based SMME's and Co-operatives with a view to create jobs and increase their participation in Gauteng's mainstream economy.
- 8) In the 2016//17 financial year R55m was allocated for the implementation of TER projects to support township businesses, this amount was decreased to R50m in 2017/18, with an estimated R55m for 2018/19, which may have negative impact on GEP's SMME and Co-operatives support in comparison to previous financial years.

PART B: PROGRAMME PLANS

In this section of the Annual Performance Plan, by budget programme, each of the defined strategic objectives (higher order outputs) are discussed, in relation to the performance indicators, baselines and annual targets with corresponding quarterly targets for the 2018/19 financial year and MTEF.

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

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

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

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

4. PROGRAMME 1: ADMINISTRATION

4.1 PROGRAMME 1: PURPOSE AND FOCUS

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

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

Goal 3: GEP efficiently and effectively managed and governed.

Specific Strategic Objectives for Programme 1 are defined as follows:

Strategic Objective 1: Sound internal controls and good governance.

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

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

The 2018/19 performance plan for Programme 1 is reflected in the log frame tables below:

4.2 PROGRAMME 1: STRATEGIC OBJECTIVE ANNUAL TARGETS

STRATEGIC OBJECTIVE	STRATEGIC OBJECTIVE INDICATOR	STRATEGIC PLAN OBJECTIVE TARGET (2014/15 to 2018/19)	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Supporting Strategic Goal 3: GEP efficiently and effectively managed and governed									
1. Sound internal controls and good governance	Clean audit outcome on previous year's financial and non-financial performance information	Attain clean audit outcome from the Auditor – General (AG) for the previous year's financial and non-financial performance	Unqualified AG audit outcome for the 2013/2014 financial year	Unqualified AG audit outcome for the 2014/2015 financial year	Clean AG audit outcome for the 2015/2016 financial year	Clean AG audit outcome for the 2016/2017 financial year	Clean AG audit outcome for the 2017/2018 financial year	Clean AG audit outcome for the 2018/2019 financial year	Clean AG audit outcome for the 2019/2020 financial year

4.3 PROGRAMME 1: PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2018/19

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR		AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Supporting Strategic Goal 3: GEP efficiently and effectively managed and governed									
1. Sound internal controls and good governance	1.1	GEP enterprise risk maturity level improved	-	-	New indicator	Internal GEP risk maturity assessment conducted to establish baseline	GEP 2017/18 risk maturity improved by 1 level	GEP 2018/19 risk maturity improved by 1 level	GEP 2019/20 risk maturity improved by 1 level
	1.2	Percentage improvement in ICT governance maturity levels (including information security and integrity)	-	-	New indicator	Internal assessment of GEP ICT governance maturity levels conducted (information security: confidentiality, integrity and availability) Establish baseline	5%	10%	15%

4.4 PROGRAMME 1: QUARTERLY TARGETS FOR 2018/19

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR		Reporting Period	2018/19 Annual Target	QUARTERLY TARGETS			
					Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
Supporting Strategic Goal 3: GEP efficiently and effectively managed and governed.								
1. Sound internal controls and good governance	1.1	GEP enterprise risk maturity level improved	Annually	GEP 2017/18 risk maturity improved by 1 level	Recommendations and actions from 2017/18 assessment implemented	Recommendations and actions from 2017/18 assessment implemented	Recommendations and actions from 2017/18 assessment implemented	Improvement in risk maturity by 1 level from 2017/18 baseline
	1.2	Percentage improvement in ICT governance maturity levels (including information security and integrity)	Annually	5%	Implementation of recommendations and actions from 2017/18 assessment, test and review	Assess the GEP Information Security Posture (vulnerability assessment, penetration test and review)	Formalise an Information Security Management Framework in line with industry standards Assess the GEP Information Security Posture (vulnerability assessment, penetration test and review)	Internal assessment reflects a 5% improvement on 2017/18 baseline (information security: confidentiality, integrity and availability)

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

4.5.1 Expenditure Estimates

Programme 1: Administration (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Programme 1	39 131	135 086	109 607	79 460	88 713	93 065	100 983
Total payments and estimates	39 131	135 086	109 607	79 460	88 713	93 065	100 983

4.5.2 Expenditure Estimates by Economic Classification

Programme 1: Administration (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Economic classification							
Current payments							
Compensation of employees	30 759	39 358	26 316	45 638	49 289	53 232	57 491
Goods and services	8 375	95 728	83 291	33 822	39 424	39 833	43 492
Total	39 134	135 086	109 607	79 460	88 713	93 065	100 983

4.5.3 Performance and Expenditure Trends

The Programme's budget allocation decreased from R109 million to R79 million from the year 2016/17 to 2017/18. It shows an increase from R79 million to R88 million, which translates to 10.5% increase. From 2017/18 to 2018/19 the budget increases by 10.4%. It then increased by 4.7% from the year 2018/19 to the year 2019/20. From 2019/20 to 2020/21 it increases by a further 8.5%. The slight increase of R3.3m is due to the project evaluation programme, which is an M&E requirement in keeping with the DPME requirement for entities to allocate funds for the evaluation of their programmes. For personnel the allocated budget amounts to R39.4 for programme 1 and increased to R43.5 in the outer year, the increase is due to cost of living adjustment and 1% pay progression. The allocation for Goods and Services is mostly for the implementation of IT contracts and provision for the procurement of day-to-day operations of the organisation.

In planning for 2018/19 and the MTEF, Programme 1 considerations for budget allocations are as follows:

- 1) An estimated R2 million is required to strengthen the Agency ICT Governance and Risk Maturity levels, as part of continuing efforts to enhance organisational efficiency and effectiveness.

- 2) Further automation of processes, such as the establishment of a customer service call centre will require an increase in the ICT and HR budget allocation.
- 3) Any changes introduced to the organisational structure through the organisational review process of GEP will impact on budget considerations.
- 4) Internal and external audit findings may require a budget allocation to fully address the recommendations. This may prove to be a challenge given the limited resources.

5. PROGRAMME 2: INVESTMENT MANAGEMENT

5.1 PROGRAMME 2: PURPOSE AND FOCUS

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

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

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

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

The specific programme Strategic Objective for Programme 2 is defined as follows:

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

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

Sub-Programme	Functions
Loan Management	Funding of SMME's, Co-operatives and Informal Businesses.

The 2018/19 performance plan for Programme 2 is reflected in the log frame tables below:

5.2 PROGRAMME 2: STRATEGIC OBJECTIVE ANNUAL TARGETS

STRATEGIC OBJECTIVE	STRATEGIC OBJECTIVE INDICATOR	STRATEGIC PLAN OBJECTIVE TARGET (2014/15 to 2018/19)	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Supporting: Strategic Goal 1: Gauteng’s revitalised township economies contributing to shared economic growth and development AND Strategic Goal 2: Gauteng’s SMME’s and Co-operatives actively participating in the province’s mainstream economy, including in key economic sectors									
2. Unique and tailored financial support products and services that propel SMME’s and Co-operatives into the mainstream economy and revitalise township economies	Rand value of financial support provided to SMME’s and Co-operatives	R504m	R 67.8m	R112.5m	R163.6m	R30m	R23m	R35.3m	R37.15m

5.3 PROGRAMME 2: PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2018/19

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR		AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Supporting:									
Strategic Goal 1: Gauteng’s revitalised township economies contributing to shared economic growth and development									
AND									
Strategic Goal 2: Gauteng’s SMME’s and Co-operatives actively participating in the province’s mainstream economy, including in key economic sectors									
2. Unique and tailored financial support products and services that propel SMME’s and Co-operatives into the mainstream economy and revitalise township economies	2.1	Number of SMME’s financially supported in the prioritised sectors	1316	661	708	700	250	250	250
	2.2	Rand value of GEP loans collected	R10.1m	R8.5m	R14.6m	R15m	R15m	R20m	R22m

5.4 PROGRAMME 2: QUARTERLY TARGETS FOR 2018/19

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR		Reporting Period	2018/19 Annual Target	QUARTERLY TARGETS			
					Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
Supporting:								
Strategic Goal 1: Gauteng’s revitalised township economies contributing to shared economic growth and development								
AND								
Strategic Goal 2: Gauteng’s SMME’s and Co-operatives actively participating in the province’s mainstream economy, including in key economic sectors								
2. Unique and tailored financial support products and services that propel SMME’s and Co-operatives into the mainstream economy and revitalise township economies	2.1	Number of SMME’s financially supported in the prioritised sectors	Quarterly	250	30	88	76	56
	2.2	Rand value of GEP loans collected	Quarterly	R15m	R2.5m	R5m	R5m	R2.5m

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

5.5.1 Expenditure Estimates

Programme 2: Investment Management (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Programme 2	48 293	19 684	30 531	42 269	36 787	39 692	41 941
Total payments and estimates	48 293	19 684	30 531	42 269	36 787	39 692	41 941

5.5.2 Expenditure Estimates by Economic Classification

Programme 2: Investment Management (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Economic classification							
Current payments							
Compensation of employees	9 419	8 246	5 531	12 469	13 467	14 544	15 707
Goods and services	38 871	11 438	25 000	29 800	23 320	24 692	26 234
Total	48 290	19 684	30 531	42 269	36 787	39 236	41 941

5.5.3 Performance and Expenditure Trends

This Programme's budget allocation increased from R30.5 million to R42 million from the year 2016/17 to 2017/18 then shows a slight reduction, due to budget cuts into the year 2018/19. From the year 2018/19 to the year 2019/20 there is an increase of about 6.6%, with a further increase of 7% from the year 2019/20 to the year 2020/21. This program supports the SMME's through financial support. The above budget and MTEF allocations support and contribute to two Strategic Goals outlined in the Strategic Plan and carried forward in this 2018/19 APP:

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

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

In planning for 2018/19 and the MTEF, Programme 2 considerations for budget allocations are as follows:

- 1) The need for sufficient budget to develop and implement robust, technology based, efficient and effective systems and processes for strengthened due diligence processes and improved turnaround times.
- 2) A strengthened focus on establishing strategic funding partnerships, including the leveraging of funding from partners directly to beneficiaries.
- 3) Reduction in direct loan funding and channelling more effort towards the provision of non-financial support.
- 4) The revitalisation of township economies, which remains a priority for GEP, as the Agency continues to provide support to township based SMME's and Co-operatives with a view to create jobs and increase their participation in Gauteng's mainstream economy. This includes ensuring the Deliverology targets are achieved as the final push to the end of term

6. PROGRAMME 3: ENTERPRISE SUPPORT

6.1 PROGRAMME 3: PURPOSE AND FOCUS

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

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

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

The specific programme Strategic Objective for Programme 3 is defined as follows:

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

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

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

The 2018/19 performance plan for Programme 3 is reflected in the log frame tables below:

6.2 PROGRAMME 3: STRATEGIC OBJECTIVE ANNUAL TARGETS

STRATEGIC OBJECTIVE	STRATEGIC OBJECTIVE INDICATOR	STRATEGIC PLAN OBJECTIVE TARGET (2014/15 to 2018/19)	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Supporting: Strategic Goal 1: Gauteng’s revitalised township economies contributing to shared economic growth and development AND Strategic Goal 2: Gauteng’s SMME’s and Co-operatives actively participating in the province’s mainstream economy, including in key economic sectors									
3. Unique and tailored non-financial support products and services that propel SMME's and Co-operatives into the mainstream economy and revitalise township economies	Number of enterprises supported with non-financial products and services	1 930 enterprises supported with non-financial products and services between 2014/15 and 2018/19	-	-	-	830	1075	1425	1552

6.3 PROGRAMME 3: PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2018/19

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR		AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Supporting:									
Strategic Goal 1: Gauteng's revitalised township economies contributing to shared economic growth and development									
AND									
Strategic Goal 2: Gauteng's SMME's and Co-operatives actively participating in the province's mainstream economy, including in key economic sectors									
3. Unique and tailored non-financial support products and services that propel SMME's and Co-operatives into the mainstream economy and revitalise township economies	3.1	Number of township manufacturers supported to produce goods for local consumers, in the 5 GCR Corridors (Central, Eastern, Northern, Western and Southern Corridors)	-	-	New indicator	100	100	250	200
	3.2	Number of Township based construction enterprises non-financially supported	-	-	New indicator	30	100	130	150
	3.3	Number of SMME's supported with access to markets	-	-	-	New indicator	10	20	25
	3.4	Number of Co-operatives supported with access to markets	-	-	-	New indicator	5	10	12
	3.5	Number of SMME's supported through the	-	-	New indicator	200	250	300	350

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR		AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
		Pitching Booster Programme							
	3.6	Number of youths benefitted from the Youth Accelerator Programme	-	-	-	500	600	700	800
	3.7	Number of SMME's supported through non-financial interventions in the priority districts of West Rand and Sedibeng	-	-	-	New indicator	10	15	15
	3.8	Percentage value of support secured through partnerships (as a proportion of total Shareholder allocation)	-	-	-	New indicator	25%	35%	40%

6.4 PROGRAMME 3: QUARTERLY TARGETS FOR 2018/19

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR		Reporting Period	2018/19 Annual Target	QUARTERLY TARGETS			
					Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
Supporting:								
Strategic Goal 1: Gauteng's revitalised township economies contributing to shared economic growth and development								
AND								
Strategic Goal 2: Gauteng's SMME's and Co-operatives actively participating in the province's mainstream economy, including in key economic sectors								
3. Unique and tailored non-financial support products and services that propel SMME's and Co-operatives into the mainstream economy and revitalise township economies	3.1	Number of township manufacturers supported to produce goods for local consumers, in the 5 GCR Corridors (Central, Eastern, Northern, Western and Southern Corridors)	Quarterly	100	10	40	40	10
	3.2	Number of township based construction enterprises non-financially supported	Tri-annually	100	-	40	40	20
	3.3	Number of SMME's supported with access to markets	Quarterly	10	2	3	3	2
	3.4	Number of Co-operatives supported with access to markets	Bi-annually	5	-	2	3	-
	3.5	Number of SMME's supported through the Pitching Booster Programme	Quarterly	250	50	100	50	50
	3.6	Number of youths benefitted from the Youth Accelerator Programme	Quarterly	600	100	200	200	100

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR		Reporting Period	2018/19 Annual Target	QUARTERLY TARGETS			
					Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
	3.7	Number of SMME's supported through non-financial interventions in the priority districts of West Rand and Sedibeng	Tri-annually	10	-	4	3	3
	3.8	Percentage value of support secured through partnerships (as a proportion of total Shareholder allocation)	Quarterly	25%	Stakeholder Consultations	5%	10%	10%

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

6.5.1 Expenditure Estimates

Programme 3: Enterprise Support (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Programme 3	11 457	18 286	14 246	60 920	138 975	120 471	123 366
Total payments and estimates	11 457	18 286	14 246	60 920	138 975	120 471	123 366

6.5.2 Expenditure Estimates by Economic Classification

Programme 3: Enterprise Support (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Economic classification							
Current payments							
Compensation of employees	7 514	7 909	8 246	22 791	24 614	26 583	28 710
Goods and services	3 943	10 377	6 000	38 129	114 361	93 888	94 656
Total	11 457	18 286	14 246	60 920	138 975	120 471	123 366

6.5.3 Performance and Expenditure Trends

The Programme 3 budget allocation increased from R14 million to R60.9 million from the year 2016/17 to 2017/18, and increased from R60.9 million to R138.9 million from the year 2017/18 to the year 2018/19. As from the year 2018/19 there is, however, a slight decrease due to Youth PMO project that ends in 2018/19. From 2019/20 to 2020/21, there is an increase of 2.7%. The huge increase of allocation from year 2018/19 is due to the infrastructure projects implemented in 2017/18. The purpose of the program is to support and facilitation of access to market for SMME's and Co-operatives. Linkage between SMME's and large organisation, so that SMME's stand a chance to be on the database and benefit from the preferential procurement programme Goal 1:

Gauteng's revitalised township economies contributing to shared economic growth and development.

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

In planning for 2018/19 and the MTEF, Programme 3 considerations for budget allocations are as follows:

- 1) The need for sufficient budget to develop and implement robust, technology based, efficient and effective systems and processes to facilitate speedy delivery and programme implementation.
- 2) A strengthened focus on establishing strategic partnerships, including the leveraging of “in-kind” support from partners directly to beneficiaries.
- 3) Due to the reduction in direct loan funding, adequate resources are required for the increased provision of non-financial support.
- 4) The revitalisation of township economies, which remains a priority for GEP, as the Agency continues to provide support to township-based SMME’s and Co-operatives with a view to create jobs and increase their participation in Gauteng’s mainstream economy. This includes ensuring the Deliverology targets are achieved as the final push to the end of term.

7. PROGRAMME 4: REGIONAL OPERATIONS

7.1 PROGRAMME 4: PURPOSE AND FOCUS

The programme is responsible to provide business development support interventions that play a catalyst role in the transformation of township based SMME’s, Co-operatives and Informal Traders into sustainable businesses.

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

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

Goal 2: Gauteng’s SMME’s and Co-operatives actively participating in the province’s mainstream economy, including in key economic sectors.

The specific programme Strategic Objective for Programme 4 is defined as follows:

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

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

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

The 2018/19 performance plan for Programme 4 is reflected in the log frame tables below:

7.2 PROGRAMME 4: STRATEGIC OBJECTIVE ANNUAL TARGETS

STRATEGIC OBJECTIVE	STRATEGIC OBJECTIVE INDICATOR	STRATEGIC PLAN OBJECTIVE TARGET (2014/15 to 2018/19)	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Supporting:									
Strategic Goal 1: Gauteng’s revitalised township economies contributing to shared economic growth and development									
AND									
Strategic Goal 2: Gauteng’s SMME’s and Co-operatives actively participating in the province’s mainstream economy, including in key economic sectors									
4. Targeted regional non-financial support services that propel enterprises into the mainstream economy, revitalise township economies and grow the key economic sectors (SO reworded to focus more specifically on regional support).	Number of enterprises supported by the regions with non-financial products and services	22 757 enterprises supported by the regions with non-financial products and services between 2014/15 and 2018/19	6 283	5 432	3 792	2 000	1 500	1 750	2 000

7.3 PROGRAMME 4: PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2018/19

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR		AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Supporting:									
Strategic Goal 1: Gauteng's revitalised township economies contributing to shared economic growth and development									
AND									
Strategic Goal 2: Gauteng's SMME's and Co-operatives actively participating in the province's mainstream economy, including in key economic sectors									
4. Targeted regional non-financial support services that propel enterprises into the mainstream economy, revitalise township economies and grow the key economic sectors	4.1	Number of SMME's supported non-financially in the prioritised sectors	5330	3786	3061	2 000	1500	1750	2 000
	4.2	Number of Informal Businesses supported non-financially to formalise	983	2 012	679	700	750	800	850
	4.3	Number of Co-operatives supported to improve their investment readiness	New indicator	New indicator	New indicator	New indicator	100	100	100

7.4 PROGRAMME 4: QUARTERLY TARGETS FOR 2018/19

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR		Reporting Period	2018/19 Annual Target	QUARTERLY TARGETS			
					Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
Supporting:								
Strategic Goal 1: Gauteng's revitalised township economies contributing to shared economic growth and development								
AND								
Strategic Goal 2: Gauteng's SMME's and Co-operatives actively participating in the province's mainstream economy, including in key economic sectors								
4. Targeted regional non-financial support services that propel enterprises into the mainstream economy, revitalise township economies and grow the key economic sectors	4.1	Number of SMME's supported non-financially in the prioritised sectors	Quarterly	1500	100	600	600	200
	4.2	Number of Informal Businesses supported non-financially to formalise	Tri-annually	750	-	200	300	250
	4.3	Number of Co-operatives supported to improve their investment readiness	Quarterly	100	10	40	40	10

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

7.5.1 Expenditure Estimates

Programme 4: Regional Operations (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Programme 4	37 410	117 382	82 334	56 862	38 222	41 391	43 845
Total payments and estimates	37 410	117 382	82 334	56 862	38 222	41 391	43 845

7.5.2 Expenditure Estimates by Economic Classification

Programme 4: Regional Operations (R'000)	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Economic classification							
Current payments							
Compensation of employees	22 616	28 814	52 334	21 502	23 222	25 080	27 086
Goods and services	14 794	88 568	30 000	35 360	15 000	13 311	16 759
Total	37 410	117 382	82 334	56 862	38 222	41 391	43 845

7.5.3 Performance and Expenditure Trends

Over the MTEF this programme has been allocated a budget of R38.2 million for 2018/19 financial year, as well as, R41, 4 million and R43.8 million in the outer year. The budget includes the implementation of TER projects, which will enhance re-industrialization of black owned business. These programmes contribute directly to Gauteng's Township Economic Revitalisation; and seek to increase the number of SMME's and Co-operatives actively participating in the Gauteng's mainstream economy and its 11 identified economic sectors.

GEP received an allocation of R20 million in the 2018/19 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.

In planning for 2018/19 and the MTEF, Programme 4 considerations for budget allocations are as follows:

- 1) Consideration that Programme 4 (Regional Operations) are the "Branch Network of GEP" and are, therefore, focussed on outcomes that are 'customer experience focused' – a specific skill set and competence required - for broadening relevant, customer focused

access to and experience of non-financial support, and receiving applications passed on to Programme 2 for funding consideration.

- 2) The need for sufficient budget to develop and implement robust, technology based, efficient and effective systems and processes for strengthened regional operations.
- 3) A strengthened focus on establishing strategic funding and non-financial partnerships for the benefit of beneficiaries.
- 4) The revitalisation of township economies, which remains a priority for GEP, as the Agency continues to provide support to township based SMME's and Co-operatives with a view to create jobs and increase their participation in Gauteng's mainstream economy. This includes ensuring the Deliverology targets are achieved as the final push to the end of term.

PART C: LINKS TO OTHER PLANS

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

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

9. CONDITIONAL GRANTS

The matter of conditional grants is not applicable to GEP.

10. PUBLIC ENTITIES

The GEP does not have any public entities.

11. PUBLIC-PRIVATE PARTNERSHIPS

The GEP does not have any public-private partnerships.

12. MATERIALITY FRAMEWORK

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

ANNEXURE A: CHANGES TO STRATEGIC PLAN

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

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

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

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

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

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

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

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

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

Figure 9: GEP strategic intent



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

In line with the legislative requirements in terms of the Public Finance Management Act (PFMA), 1999, Treasury Regulations and other legislative prescripts, GEP has developed this Annual Performance Plan as the penultimate plan for implementing the goals and strategic objectives outlined in the revised 2015-2020 Strategic Plan. This annual performance plan also builds on the successes and aims to address the challenges, outlined in the GPG Midterm Review of the TMR that was conducted in the 2016/17 financial year.

Reflected in this APP are the 2018/19 and MTEF performance indicators, annual and quarterly targets and budget allocations for performance against the strategic goals, strategic objectives and strategic objective targets of the Strategic Plan, which outline the high-level strategic framework of GEP as follows:

MANDATE

Revitalising the province's township economies; increasing the participation of SMME's and Co-operatives in Gauteng's 11 identified sectors towards growing and developing these sectors and changing their ownership patterns; as well as supporting SMME's and Co-operatives to contribute to the GDP and the creation of decent work.

VISION

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

MISSION

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

VALUES

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

STRATEGIC GOALS

Gauteng's revitalised township economies contributing to shared economic growth and development.	Gauteng's SMME's and Co-operatives actively participating in the province's mainstream economy, including in key economic sectors.	GEP efficiently and effectively managed and governed.
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In turn, the three strategic goals then inform the alignment to the delivery programme structure of GEP and the development of strategic objective targets, performance indicators and annual and quarterly performance data.

As part of the maturing of the Gauteng Enterprise Propeller planning and reporting framework, through the 2018/19 planning cycle, adjustments to the data reflected in the approved 2015–2019 Strategic Plan were made in this Annual Performance Plan, as follows:

Table 8: Revisions to Programme strategic objectives

Programme	Strategic Objectives Reflected in the Strategic Plan and/or 2017/18 APP	Revised Strategic Objectives Reflected in the 2018/19 APP
Programme 1: Administration	Strategically lead, monitor and evaluate GEP's policies, programmes and projects.	Strategic Objective 1: Sound internal controls and good governance (New).
	Implement, timeously and to plan all GEP's policies, programmes and projects.	
	Ensure prudent, compliant and efficient financial, accounting and supply chain services.	
	Create awareness of GEP's services and products through rigorous marketing and communication services.	
	Efficiently and effectively manage GEP's information communication and related technologies, and general facilities services.	
	Provide sound legal, governance, risk and compliance services.	
	Deliver efficient and effective corporate services.	
Programme 2: Investment Management	Provide unique and tailored financial support services that propel SMME's into the mainstream economy, revitalises township economies and grow the key economic sectors.	Strategic Objective 2: Unique and tailored financial support products and services that propel SMME's and Co-operatives into the mainstream economy and revitalise township economies.
Programme 3: Enterprise Support	Provide unique and tailored business development services that propel SMME's into the mainstream economy, revitalise township economies and grow key economic sectors.	Strategic Objective 3: Unique and tailored non-financial support products and services that propel SMME's and Co-operatives into the mainstream economy and revitalise township economies.
Programme 4: Regional Operations	All GEP led Township Economies Revitalisation Strategy (TER) projects effectively implemented. (SP)	Strategic Objective 4: Targeted regional non-financial support services that propel enterprises into

Programme	Strategic Objectives Reflected in the Strategic Plan and/or 2017/18 APP	Revised Strategic Objectives Reflected in the 2018/19 APP
	All GEP led Gauteng Informal Business Upliftment Strategy (GIBUS) projects effectively implemented. (SP).	the mainstream economy, revitalise township economies and grow the key economic sectors.
	Revitalise and Modernise Township Economies Reflecting Radical Transformation and Reindustrialisation of Gauteng Economy. (APP).	

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

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

Table 9: Revisions to Programme strategic objective targets

Budget Programme	Revised Strategic Objective	Revised Strategic Objective Statement	Revised Strategic Objective Target (2014/15–2018/19)
Programme 1: Administration	Strategic Objective 1: Sound internal controls and good governance (New).	Audit outcome on previous year's financial and non-financial performance information. (New SO Target)	Attain clean audit outcome from the Auditor-General (AG) for the previous year's financial and non-financial performance.
Programme 2: Investment Management	Strategic Objective 2: Unique and tailored financial support products and services that propel SMME's and Co-operatives into the mainstream economy and revitalise township economies.	Financial support provided to SMME's and Co-operatives.	R504m of financial support provided to SMME's and Co-operatives between 2014/15 and 2018/19.
Programme 3: Enterprise Support	Strategic Objective 3: Unique and tailored non-financial support products and services that propel SMME's and Co-operatives into the mainstream economy and revitalise township economies.	Enterprises supported with non-financial products and services.	1 930 enterprises supported with non-financial products and services between 2014/15 and 2018/19.

Budget Programme	Revised Strategic Objective	Revised Strategic Objective Statement	Revised Strategic Objective Target (2014/15–2018/19)
Programme 4: Regional Operations	Strategic Objective 4: Targeted regional non-financial support services that propel enterprises into the mainstream economy, revitalise township economies and grow the key economic sectors.	Enterprises supported by the regions with non-financial products and services.	11 635 enterprises supported by the regions with non-financial products and services between 2014/15 and 2018/19.

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

As a result of the above changes to Strategic Objective and related Key Performance Indicator wording, certain 2018/19 Strategic Objective and MTEF indicators and targets have been adjusted in the 2018/19 APP, so that the Key Performance Indicators and targets are more aligned and specific.

Given that 2018/19 is the final year of the 2015–2019 Strategic Plan the changes are not considered substantive or material enough to warrant the cost of publishing a new Strategic Plan at this point.

ANNEXURE B: GEP STRATEGIC RISK REGISTER

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

- 1) Financial Sustainability;
- 2) Fraud and Corruption;
- 3) Asset Quality (Credit Risk);
- 4) ICT: Security/Automation;
- 5) Stakeholder Management/Reputational;
- 6) Regulatory Framework; and
- 7) Human Capital.

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

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

Table 10: GEP risk and mitigation profile

Risk	Owner	Priority mitigation actions
1. Financial sustainability	CFO and GM Revenue Generation	<p>1.1. Engage Provincial Treasury and DED Group requesting accumulated surpluses by other schedule 3(A) and 3(C) public entities. This money will be borne out of section 53(3) of the PFMA and Treasury Regulation 31.3.3.</p> <p>1.2. The Board may ask the MEC to exercise his right of veriment in terms of section 43 of the PFMA to move available funds / saving to GEP.</p> <p>1.3. Development and implementation a 5 year target-driven revenue generation strategy and plan (for large amounts and higher management fees), including opportunities for PPP's.</p> <p>1.4. Short term investments for interest income from early transfers and partnership projects.</p> <p>1.5. Auction recovered assets and development of SCM bid turnaround times.</p> <p>1.6. Recovery of losses from unethical conduct, fraud and corruption.</p> <p>1.7. Develop an impact monitoring mechanism to, amongst other key areas, track the impact of funded clients on their</p>

Risk	Owner	Priority mitigation actions
		"local economies".
2. Asset Quality/ Credit Risk	COO	<p>2.1. Develop and revise the financial and non-financial support policies.</p> <p>2.2. Optimise, standardise, re-engineer financial support and non-financial support value chain/pillars (enhancement of the loans management system and pillars).</p> <p>2.3. Explore, benchmark and redefine due diligence process and rules.</p> <p>2.4. Revised and optimise the contract drafting process for customization.</p> <p>2.5. Review the financial and non-financial support approval processes for improved turnaround time.</p> <p>2.6. Implement initiatives to improve the quality of service provided to beneficiaries, particularly by Regional Offices.</p>
3. Human Capital	GM: Admin/ Support	<p>3.1. Implementation of the organisational review recommendations.</p> <p>3.2. Finalisation and implementation of the matching and placing strategy.</p> <p>3.3. Implement content management for safety and confidentiality of staff and organisational records.</p> <p>3.4. Employee performance management contracts with clearly defined targets which are aligned to the APP and strengthened overall performance management.</p> <p>3.5. Introduce and implement the compulsory vacation leave for employees.</p> <p>3.6. Develop and implement a values-based organisational culture and employee well-being improvement plan.</p>
4. Reputational/ Relationship	GM: Admin/ Support and GM: Revenue Gen	<p>4.1. Development of the marketing and communication strategy and plan.</p> <p>4.2. Develop, implement and monitor the Stakeholder Relations Strategy, plan and database.</p> <p>4.3. Operationalisation of signed MoU's/partnership agreements to optimise operational efficiencies.</p> <p>4.4. Develop and implement a labour relations management plan.</p>
5. Fraud and Corruption	GM: Risk/ Audit	<p>5.1. Appointment of the panel of forensic investigators to direct and determine focus areas in terms of forensic investigations.</p> <p>5.2. Declaration of Interest and Ethics Commitment Forms, to support the Code of Ethics and to entrench acceptable ethical standards. Resocialise ethical conduct within staff.</p>

Risk	Owner	Priority mitigation actions
		<p>5.3. Trend analysis, intelligence gathering, quantification of losses/risks (lessons learned from sister entities) and data analytics in order to develop proactive mitigation measures.</p> <p>5.4. Recovery of losses (pension fund, section 300 of CPA, Assets Forfeiture Unit/POCA, PRECCA and Civil remedies).</p>
6. ICT	GM: Admin/ Support	<p>6.1. Resourcing and implementation of ICT Governance Strategy, which includes:</p> <ul style="list-style-type: none"> ▪ Governance strategy ▪ Legislative requirements ▪ Skills and capacitation ▪ Data integrity and security strategy, latest, relevant ICT tools ▪ Records management strategy ▪ ICT Procurement strategy ▪ Disaster recovery strategy <p>6.2. Integration, automation and availability of systems.</p> <p>6.3. External integration with relevant entities (other FDI's, SARS, Home Affairs).</p>
7. Regulatory Framework	Co. Sec and GM: Risk/Audit	<p>7.1. Intranet publication of policies and awareness creation and safekeeping of policies and procedures.</p> <p>7.2. Ongoing monitoring, scanning, advising in the change in the legislative landscape challenges to inform/improve business processes.</p> <p>7.3. Development, implementation and monitoring of the DOA Framework.</p> <p>7.4. Development of a formal compliance management framework for the compliance function.</p>

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

ANNEXURE C: TECHNICAL INDICATOR DESCRIPTIONS

13. PROGRAMME 1: TECHNICAL INDICATOR DESCRIPTIONS

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

Performance Indicator 1.1	GEP enterprise risk maturity level improved
Short definition	The indicator measures the level of year-on-year improvement in GEP's enterprise risk maturity levels.
Purpose/importance	To improve the Agency's risk maturity to level 5 by 2021.

Performance Indicator 1.1	GEP enterprise risk maturity level improved
Source/collection of data	1) Risk maturity roadmap. 2) Internal assessment report. 3) Risk Management Plan.
Method of calculation	Review of risk maturity level rating as per internal assessment report.
Data limitations	None
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	New
Desired performance	Establish a risk maturity baseline in 2017/18 and thereafter improve the risk maturity by 1 level on an annual basis up to level 5 by 2020/21.
Indicator responsibility	GM: Audit and Risk

Performance Indicator 1.2	Percentage improvement in ICT governance maturity levels (including information security and integrity)
Short definition	The indicator measures the percentage improvement in ICT governance maturity levels (including information security and integrity).
Purpose/importance	To improve the Agency's ICT governance maturity levels (Information Confidentiality, Integrity and Availability).
Source/collection of data	Internal assessment report on GEP ICT governance maturity levels.
Method of calculation	Review of ICT governance maturity level rating as per internal assessment report.
Data limitations	None
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Annually
New indicator	New

Performance Indicator 1.2	Percentage improvement in ICT governance maturity levels (including information security and integrity)
Desired performance	Establish baseline in 2017/18, and a 5% improvement in 2018/19, up to 15% improvement on 2017/18 baseline by 2020/21.
Indicator responsibility	GM: Corporate Support and Administration

14. PROGRAMME 2: TECHNICAL INDICATOR DESCRIPTIONS

Strategic Objective 2	Financial support provided to SMME's and Co-operatives
Strategic Objective Indicator	Rand value of financial support provided to SMME's and Co-operatives
Short definition	The cumulative Rand value of financial support provided to SMME's and Co-operatives between 2014/15 and 2018/19.
Purpose/importance	To provide tailored financial support to Gauteng SMME's and Co-operatives that propels them into the mainstream economy and revitalise township economies.
Source/collection of data	GEP Annual Financial Statements and Approval Lists.
Method of calculation	Verification of the total Rand value of financial support disbursed per annum, cumulating to the Strategic Objective target by 2018/19. Financial support includes loans, grants and subsidies disbursed.
Data limitations	None
Type of indicator	Outcome
Calculation type	Cumulative annually – over the period of the Strategic Plan.
Reporting cycle	Annually
New indicator	Yes
Desired performance	R504m of financial support provided to SMME's and Co-operatives between 2014/15 and 2018/19.
Indicator responsibility	Chief Operations Officer

Performance Indicator 2.1	Number of SMME's financially supported in the prioritised sectors
Short definition	The indicator measures the number of SMME's 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 SMME's, which will have an impact on the economy.
Source /collection of data	1) GEP Loan Approval List; and 2) Portal Reports.
Method of calculation	A simple count of the number of SMME's granted funding through Loans, Community Fund and Township Business Renewal Programme.
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	To provide financial support to 250 SMME's in the prioritised sectors, with the aim of propelling their participation in the mainstream economy and increasing their contribution towards the reduction of unemployment.
Indicator responsibility	Chief Operations Officer

Performance Indicator 2.2	Rand value of GEP loans collected
Short definition	Count of the Rand value of outstanding GEP loans collected, per annum.
Purpose/ importance	The improved ability of enterprises to pay back loans is evidence of their increased sustainability and maturity, and also enables GEP to recycle this funding to support additional enterprises.
Source/collection of data	GEP Financial Management Accounts Report
Method of calculation	Simple count of the Rand value of outstanding GEP loans collected, per annum.
Data limitations	None
Type of indicator	Output

Performance Indicator 2.2	Rand value of GEP loans collected
Calculation type	Cumulative – in year
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	R15 million of outstanding GEP loans collected in 2018/19.
Indicator responsibility	Chief Operations Officer

15. PROGRAMME 3: TECHNICAL INDICATOR DESCRIPTIONS

Strategic Objective 3	Enterprises supported with non-financial products and services
Strategic Objective indicator	Number of enterprises supported with non-financial products and services
Short definition	The cumulative (total) number of enterprises supported with non-financial products and services between 2014/15 and 2018/19.
Purpose/importance	To provide tailored non-financial support to Gauteng SMME's and Co-operatives that propels them into the mainstream economy and revitalise township economies.
Source/collection of data	GEP Portal Reports and/or Project Reports with supporting documents (attendance registers, registration certificates and accreditation certificates, etc.).
Method of calculation	Simple count of the total number of enterprises supported with non-financial products and services between 2014/15 and 2018/19.
Data limitations	None
Type of indicator	Outcome
Calculation type	Cumulative annually – over the period of the Strategic Plan.
Reporting cycle	Annually
New indicator	Yes
Desired performance	1 930 enterprises supported with non-financial products and services between 2014/15 and 2018/19.

Strategic Objective 3	Enterprises supported with non-financial products and services
Strategic Objective indicator	Number of enterprises supported with non-financial products and services
Indicator responsibility	Chief Operations Officer

Performance Indicator 3.1	Number of township manufacturers supported to produce goods for local consumers in the 5 GCR Corridors (Central, Eastern, Northern, Western and Southern Corridors)
Short definition	Count of the number of township manufacturers supported to produce goods for local consumers in the 5 GCR Corridors (Central, Eastern, Northern, Western and Southern Corridors).
Purpose/importance	In support of a Deliverology priority to support the wholesale and retail sector, and support enterprises to boost their productive capacity.
Source/collection of data	GEP Portal Reports and/or Project Reports with supporting documents (attendance registers, accreditation certificates, etc.).
Method of calculation	Simple count of the number of township manufacturers supported to produce goods for local consumers, per annum.
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – in year
Reporting cycle	Quarterly
New indicator	No
Desired performance	100 township manufacturers supported to produce goods for local consumers in 2018/19.
Indicator responsibility	Chief Operations Officer

Performance Indicator 3.2	Number of Township based construction enterprises non-financially supported
Short definition	Count of the number of Gauteng township based construction enterprises non-financially supported.
Purpose/importance	In support of a Deliverology priority to support the construction sector, and support township enterprises to boost their productive capacity.

Performance Indicator 3.2	Number of Township based construction enterprises non-financially supported
Source/collection of data	GEP Portal Reports and/or Project Reports with supporting documents (attendance registers, registration and accreditation certificates, etc.).
Method of calculation	Simple count of the number of township based construction enterprises non-financially supported, per annum.
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – in year
Reporting cycle	Tri-annually
New indicator	No
Desired performance	100 township based construction enterprises non-financially supported in 2018/19.
Indicator responsibility	Chief Operations Officer

Performance Indicator 3.3	Number of SMME's supported with access to markets
Short definition	<p>To measure the number of SMME's supported with access to markets, per annum.</p> <p>This includes GEP interventions to create linkages between SMME's and clients to ensure procurement from SMME's. This could mean procuring (off-take agreements), shelf space or priority on a supplier database or exposing the SMME's product/service to investors and international markets.</p>
Purpose/importance	To propel the participation of supported SMME's in the mainstream economy by benefiting from public and private sector procurement opportunities.
Source/collection of data	Reports on access to market support provided to SMME's / off-take agreements / procurement databases / attendance register of investor meetings and/or international interactions.
Method of calculation	Simple count of the number of SMME's supported with access to markets.
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – in year
Reporting cycle	Quarterly

Performance Indicator 3.3	Number of SMME's supported with access to markets
New indicator	Yes
Desired performance	10 SMME's supported with access to markets in 2018/19.
Indicator responsibility	GM: Stakeholder Management and Revenue Generation

Performance Indicator 3.4	Number of Co-operatives supported with access to markets
Short definition	To measure the number of Co-operatives supported with access to markets, per annum. This includes GEP interventions to create linkages between Co-operatives and clients to ensure procurement from Co-operatives. This could mean procuring (off-take agreements), shelf space, or priority on a supplier database, or exposing the Co-operatives product/service to investors and international markets.
Purpose/importance	To propel the participation of supported Co-operatives in the mainstream economy by benefiting from public and private sector procurement opportunities.
Source/collection of data	Reports on access to market support provided to Co-operatives / off-take agreements / procurement databases / attendance register of investor meetings and or / international interactions.
Method of calculation	Simple count of the number of Co-operatives supported with access to market support.
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – in year
Reporting cycle	Bi-annually
New indicator	Yes
Desired performance	5 Co-operatives supported with access to markets in 2018/19.
Indicator responsibility	GM: Stakeholder Management and Revenue Generation

Performance Indicator 3.5	Number of SMME's supported through the Pitching Booster Programme
Short definition	Count of the number of SMME's supported through the Pitching Booster Programme, per annum.
Purpose/importance	To increase the number of SMME's supported through the Pitching Booster Programme.
Source/collection of data	1) Pitching session attendance registers; and 2) Quarterly progress reports.
Method of calculation	Straight count of the number of SMME's supported through the Pitching Booster Programme, per annum.
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative – in year
Reporting cycle	Quarterly
New indicator	No
Desired performance	250 SMME's supported through the Pitching Booster Programme in 2018/19.
Indicator responsibility	Chief Operations Officer

Performance Indicator 3.6	Number of youths benefitting from the Youth Accelerator Programme
Short definition	To measure the number of youths benefitting from the Youth Accelerator Programme supported through training, placement and other support interventions.
Purpose/importance	To improve the job readiness and entrepreneurship capability of youths benefitting from the Youth Accelerated programme, with a view to reduce youth unemployment.
Source /collection of data	Project Reports with supporting documents (attendance registers, confirmation of placements, accreditation certificates, etc.).
Method of calculation	Simple count of the number of youths benefitted from the Youth Accelerator Programme supported through training, placement and other support interventions.
Data limitations	None
Type of indicator	Output

Performance Indicator 3.6	Number of youths benefitting from the Youth Accelerator Programme
Calculation type	Cumulative – in year
Reporting cycle	Quarterly
New indicator	No
Desired performance	600 youths benefitting from the Youth Accelerator Programme in 2018/19.
Indicator responsibility	Chief Operations Officer

Performance Indicator 3.7	Number of SMME's supported through non-financial interventions in the priority districts of West Rand and Sedibeng
Short definition	To measure the number of SMME's supported non-financially (i.e. through training, mentorship, marketing support, equipment, etc.) in the West Rand and Sedibeng regions.
Purpose /importance	To capacitate SMME's in the depressed regions of Sedibeng and West Rand and enable them to operate their businesses optimally.
Source /collection of data	GEP Portal Reports / Project Reports / Attendance Registers
Method of calculation	Simple count of the number of West Rand and Sedibeng SMME's provided with non-financial support
Data limitations	None
Type of indicator	Output
Calculation type	Non - cumulative
Reporting cycle	Tri-annually
New indicator	New
Desired performance	10 SMME's supported non-financially in West Rand and Sedibeng
Indicator responsibility	Chief Operations Officer

Performance Indicator 3.8	Percentage value of support secured through partnerships (as a proportion of total Shareholder allocation)
Short definition	To measure the value (direct and in-kind) of value of support secured through external partnerships as a percentage of the total shareholder allocation provided to GEP.
Purpose /importance	To monitor and track progress in securing financial and non-financial commitments through partnerships (direct and in-kind) to supplement the GEP shareholder allocation thus reaching more SMME's and Co-operatives.
Source /collection of data	Reports on the value of support secured through partnerships, as a percentage of the GEP shareholder allocation. This includes: <ul style="list-style-type: none"> ▪ Direct revenue generated – funds deposited into GEP bank account by external stakeholders; ▪ In-kind support provided by external stakeholders in partnership with GEP, converted into a Rand Value.
Method of calculation	Value of support secured through partnerships (direct and in-kind) as a percentage of the Shareholder Allocation.
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	New
Desired performance	25% achieved by financial year-end
Indicator responsibility	GM: Stakeholder Management and Revenue Generation

16. PROGRAMME 4: TECHNICAL INDICATOR DESCRIPTIONS

Strategic Objective 4	Enterprises supported by the regions with non-financial products and services
Strategic Objective indicator	Number of enterprises supported by the regions with non-financial products and services
Short definition	The cumulative (total) number of enterprises supported by the regions with non-financial products and services between 2014/15 and 2018/19.

Strategic Objective 4	Enterprises supported by the regions with non-financial products and services
Strategic Objective indicator	Number of enterprises supported by the regions with non-financial products and services
Purpose/importance	To provide regionally targeted and tailored non-financial support to Gauteng SMME's and Co-operatives, that propels them into the mainstream economy and revitalise township economies.
Source/collection of data	GEP Portal Reports and/or Project Reports with supporting documents (attendance registers, registration and accreditation certificates, etc.).
Method of calculation	Simple count of the total number of enterprises supported by the regions with non-financial products and services between 2014/15 and 2018/19.
Data limitations	None
Type of indicator	Outcome
Calculation type	Cumulative annually – over the period of the Strategic Plan.
Reporting cycle	Annually
New indicator	Yes
Desired performance	22 757 enterprises supported by the regions with non-financial products and services between 2014/15 and 2018/19.
Indicator responsibility	Chief Operations Officer

Performance Indicator 4.1	Number of SMME's supported non-financially in the prioritised sectors
Short definition	The indicator measures the number of SMME's granted support through non-financial support interventions in the manufacturing, mineral beneficiation, agriculture, services and retail, ICT, agro-processing and creative sectors
Purpose/importance	To capacitate SMME's in the priority sectors and enable them to operate their businesses optimally.
Source/collection of data	1) Portal Reports; 2) GEP Project Reports 3) Attendance registers, registration and accreditation certificates, etc.
Method of calculation	Simple count of the number of SMME's supported non-financially in the prioritised sectors.
Data limitations	None

Performance Indicator 4.1	Number of SMME's supported non-financially in the prioritised sectors
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	To provide non-financial support to 1 500 SMME's with a view of improving their sustainability and contribution towards addressing the challenges of poverty and unemployment.
Indicator responsibility	Chief Operations Officer

Performance Indicator 4.2	Number of Informal Businesses supported non-financially to formalise
Short definition	The indicator measures the number of Informal businesses granted non-financial support to formalise and operate in the mainstream economy.
Purpose/importance	To capacitate informal businesses and prepare them for graduating from operating in the second (informal) economy to the first (mainstream) economy.
Source/collection of data	1) Portal Reports; 2) GEP Project Reports 3) Attendance registers, registration and accreditation certificates. etc.
Method of calculation	Simple count of the number of Informal businesses granted non-financial support to formalise and operate in the mainstream economy.
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Tri-annually
New indicator	No
Desired performance	To provide non-financial support to 750 Informal businesses, with a view to formalise them and propel their participation in the mainstream economy.
Indicator responsibility	Chief Operations Officer

Performance Indicator 4.3	Number of Co-operatives supported to improve their investment readiness
Short definition	The indicator measures the number of Co-operatives granted support through financial and non-financial interventions.
Purpose /importance	To capacitate Co-operatives and enable them to operate their businesses optimally and secure readiness for investment.
Source /collection of data	GEP Project Reports with supporting documents (attendance registers, accreditation certificates, etc.). Portal reports. Loan approval lists.
Method of calculation	Simple count of the number of Co-operatives supported to improve their investment readiness.
Data limitations	None
Type of indicator	Output
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance	To support 100 Co-operatives with a view to improve their investment readiness and contribution to job creation and economic growth.
Indicator responsibility	Chief Operations Officer