



REVISED GAUTENG ENTERPRISE PROPELLER

FIVE YEAR STRATEGIC PLAN

**for
2020 – 2025**



GAUTENG PROVINCE

GAUTENG - THE ENTERPRISE
REPUBLIC OF SOUTH AFRICA

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The Strategic Plan for the Gauteng Enterprise Propeller is available on:
www.gep.co.za

EXECUTIVE AUTHORITY STATEMENT

The Gauteng Enterprise Propeller (GEP) Strategic Plan for the 2020-2025 planning period, is presented in terms of the Public Finance Management Act, 1999 (Act 1 of 1999 as amended by Act 29 of 1999) and in terms of the Revised Framework for Strategic Plans and Annual Performance Plans (DPME, 2019).

This five-year Strategic Plan, in support of the National Development Plan (NDP) and under the strategic theme of the 6th Administration of the Gauteng Provincial Government: "Growing Gauteng Together – our Roadmap to 2030" (GGT2030), reflects GEP's contribution to building "a Gauteng City Region that is seamlessly integrated, economically inclusive, socially cohesive, smart, environmentally sustainable, innovation-driven and globally competitive". As a priority of GGT2030, the 6th Administration advocates for the acceleration of economic growth, deepening integration for small enterprise support interventions and scaling up the productivity of these enterprises with the aim of resuscitating the ailing economy. The Gauteng provincial government has learned from the past that policies without purposeful action are unlikely to yield the desired impact when it comes to economic development initiatives that create decent employment and improve the plight of unemployed citizens (particularly the youth).

The Gauteng Province has good policies in place, such as the 30% set aside for township businesses, women and youth; and the focus going forward will be on ensuring that small enterprises are adequately supported with productive capacity to access opportunities at their disposal. The Gauteng Enterprise Propeller (GEP), as an Implementing Agency of the Gauteng Department of Economic Development, has a critical role to play in terms of taking meaningful action to address challenges, such as the low level of economic participation, low productive capacities, the general lack of off-take agreement enforcement, and dedicated funding to ensure small businesses become engines of growth that are capacitated to disrupt the dominance of monopolies in key economic sectors.

In support of the Medium Term Strategic Framework (MTSF) 2019-2024, Gauteng's plan of action – GGT2030, and the Township Economy Revitalisation (TER) strategies, the Province aims to develop a Township Economy Development Fund that will serve as a resourcing pool for developing township enterprises, SMMEs and co-operatives. This is to be coupled with the enforcement of off-take agreements and local content frameworks to ensure that it maximises the economic impact and contributes meaningfully to the growth of the Gauteng economy. Central to these interventions is the mobilisation of the private sector, academia, civil society and development finance institutions (DFIs) to ensure that we grow the Gauteng economy together. Gauteng's manufacturing sector has been in constant decline over the past years, hence the need to reposition GEP in order for this Entity to provide industrial financing targeting black and township-based enterprises, so as to enhance their productive capacity and ensure the realisation of economies of scale. GEP will thus be reconfigured and repositioned, so that it plays a significantly greater role in providing both financial and non-financial support to Gauteng's small enterprises.

This five-year strategy thus ushers in a new chapter for the Gauteng Enterprise Propeller, that will see this Entity leapfrogging to a high-growth trajectory.

Ms. Morakane Mosupye (MEC)

Executive Authority

ACCOUNTING AUTHORITY STATEMENT

The new GEP strategy provides the Entity with an opportunity to review its developmental agenda in line with the priorities of government as outlined in the National MTSF for 2019-2024 and Gauteng's plan of action – Growing Gauteng Together 2030 (GGT2030), which are underpinned by the pronouncements of the two State of the Nation and State of the Province Addresses of the 6th Administration.

Central to GGT2030, is the shift from fragmented interventions to collaborations and deepening integration across the Province, sectors, businesses, municipalities and development finance institutions. The GGT2030 plan of action, sets out the vision for the Gauteng of 2030, guided by the principles and priorities contained in the Freedom Charter, the NDP, the Manifesto, and work carried out to date as part of Gauteng's Transformation, Modernisation and Reindustrialisation (TMR) programme.

GGT2030 is not a departure from the TMR, but it continues to enforce it with the aim of scaling up interventions to the ailing economy, low economic growth and job creation. The lessons learnt from the 5th Administration call for the strengthening of policy coordination across the GCR, bringing multiple partners to ensure that the desired impact is realised and the strengthening of the delivery machinery across the Province. In light of these, the District Development Model adopted in 2019 will assist in the channelling of resources to the relevant beneficiaries, wards (spatial referencing) and increase transparency in the delivery of services.

The 5th Administration ensured that local, marginalised and township-based suppliers, who had previously been kept out of the loop, were deliberately linked to the value chains in the development corridors and to those of transnationals' operating in the Province (GGT2030). By now, township businesses account for nearly 30% of GPG's procurement expenditure. However, the lack of compliance and the informal nature of township businesses continues to limit equal participation to opportunities at their disposal. GEP has an important role to play in growing the pipeline of small enterprises, particularly those from the townships, and small enterprises owned by women, the youth and people with disabilities.

In addition to providing financial support for SMMEs, they were assisted to formalise their operations through Qondis' Ishishini Lakho (Fix Your Business). Through the GEP's Ideation Programme called Pitching Booster, the Gauteng youth accessed opportunities to get into the mainstream economy, while the Youth Accelerator Programme led by GEP was able to place unemployed and unskilled youth into job opportunities. The development of the Gauteng Entrepreneurship Model has created a platform to integrate the services of all the development finance institutions, government departments and other role players and thus to ensure that the Province is able to maximise the full impact of its interventions, while promoting small businesses to gravitate and leapfrog to other stages of the entrepreneurship ecosystem. The Reconfiguration of GEP will assist in strengthening the capacity of the Agency to focus on the high-growth path through reindustrialisation (industrial financing) and revenue generation through partnerships.

Remodelling GEP will assist to sustain and create stability in the organisation, developing capacity, whilst increasing economic impact in the Province. In line with the GEP Act (No. 5 of 2005), and the strategy of the Province based on the TMR, GGT2030 and the Township Economy Revitalisation Strategy, the new mandate of the Entity will be carried out to promote the growth, sustainability, and competitiveness of small enterprises as meaningful contributors to inclusive growth and job creation in the Province.

We acknowledge the continuous support of the Executive Authority in pushing the Entity towards realising its intended impact; and, while an immense amount of work lies ahead of us in remodelling and repositioning the GEP to become the face of entrepreneurship in the Province, we are positive that this strategic plan provides us with ideas, plans and interventions to achieve the desired results.

In closing, the GEP Board fully endorses this Strategic Plan for the period 2020/21-2024/25, as the guiding document for the work and focus of the organisation for the five year period.

A handwritten signature in dark ink, appearing to read 'Khehla Mthembu', is positioned above a horizontal line.

Mr. Khehla Mthembu
Chairperson of the Board

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

The Gauteng Enterprise Propeller, is a Schedule 3C Provincial Entity established under the auspices of the Gauteng Department of Economic Development to ensure the development of *"Sustainable SMMEs and co-operatives propelled into the mainstream economy of Gauteng"*. This vision has thus driven GEP's continued commitment to propelling SMMEs and co-operatives from the periphery into mainstream economy, thus enhancing the role of small township enterprises in developing the key sectors of Gauteng's formal economy. In delivering on its new mandate, the Gauteng Enterprise Propeller has set the following vision for the new five-year term that lies ahead:

"Propelling entrepreneurs into sustainable enterprises that contribute meaningfully to inclusive economic growth and job creation."

In line with the new GEP strategy, we are working hard to turn the Entity around, shift from a quantity-driven approach to a more sustainable, impact-driven organisation. The Reconfiguration of GEP would assist in strengthening the capacity of the Agency to focus on the high-growth path through reindustrialisation and partnerships with various partners. Reconfiguring the Agency will ensure that small businesses began to prosper, thrive and create decent employment. Given the limited resources at the Entity's disposal, collaboration between GEP and key stakeholders, such as provincial government departments, the private sector and DFIs, will be critical for implementing this strategy and the realisation of greater impact in the Province's economy. The GGT2030 will serve as a springboard for GEP in realising and unleashing the full potential of small businesses in the Province.

The Agency's strategic focus for the planning period ahead will ensure GEP becomes more proactive and responsive to the need for reindustrialising townships through the establishment of programmes aimed at supporting township-based industrialists. This will ensure that GEP takes its rightful place as the centre of coordination of all small enterprise support interventions in the Province, in collaboration with government, DFIs, institutions of higher learning and the private sector. At the centre of the New GEP, the Entity will focus on reindustrialisation and increased collaboration to enhance revenue generation.

Amongst the key considerations in respect of the reconfigured GEP, is the Agency's capitalisation model, improved lending policy and, critically, its debt management and collection strategy. Parallel to this will be the deployment of appropriately competent business mentors, who will be embedded in the companies that receive funding to ensure their business model is appropriate for their respective trading environments. This approach will not only ensure a higher propensity for repayment for loans that we invest in these companies, but also ensure a higher degree of small business success, economic growth and job creation.

A handwritten signature in black ink, appearing to read 'Mr. Motlatjo Moholwa', is written over a horizontal line.

Mr. Motlatjo Moholwa

Chief Executive Officer (Acting)

OFFICIAL SIGN-OFF

It is hereby certified that this revised 2020/21–2024/25 Strategic Plan:


- 1) Was developed by the management team of the Gauteng Enterprise Propeller, under the guidance of the Board;
- 2) Takes into account all the relevant policies, legislation and other mandates for which the Gauteng Enterprise Propeller is responsible;
- 3) Accurately reflects the Impact and Outcomes which the Gauteng Enterprise Propeller will endeavour to achieve over the period 2020/21–2024/25.



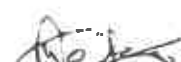
Mr. Vincent Mulaudzi
GM: Corporate Support
and Administration



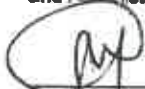
Mr. Mosobetsi Seloane
SM: Investment
Management (Acting)



Ms. Pumeza Mazibuko
SM: Regional Operations,
Enterprise Support



Ms. Crezelda Venter
SM: Stakeholder Management,
Revenue Generation (Acting)



Ms. Nomfanelo Genuka
Chief Financial Officer



Date



Ms. Vuyokazi Ntshoko
Head Official Responsible for Planning



Date



Mr. Motlatjo Moholwa

Chief Executive Officer (Acting)



Date



Mr. Khehla Mthembu
Chairperson of the Board



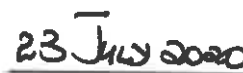
Date

APPROVED BY:



Ms. Pumeza Mazibuko

DED: Head of Department



Date



Ms. Morakane Mosupye (MEC)
Executive Authority



Date

ABBREVIATIONS AND ACRONYMS

4IR	4 th Industrial Revolution
ACI	Agribusiness Confidence Index
AG	Auditor-General of South Africa
AOP	Annual Operational Plan
APP	Annual Performance Plan
AU	African Union
B-BBEE	Broad-Based Black Economic Empowerment
BER	Bureau for Economic Research
CBD	Central Business District
CIPC	Companies and Intellectual Property Commission
COVID-19	Corona Virus Disease 2019
CSD	Central Supplier Database
DED	Department of Economic Development
DFI	Development Finance Institution
DPME	Department of Planning, Monitoring and Evaluation
DSBD	Department of Small Business Development
EDD	Enhanced Due Diligence
ESG	Environmental, Social and Governance
FAIS	Financial Advisory and Intermediary Services
FNB	First National Bank
FY	Financial Year
GCR	Gauteng City Region
GDED	Gauteng Department of Economic Development
GDP	Gross Domestic Product
GEM	Gauteng Entrepreneurship Model
GEP	Gauteng Enterprise Propeller
GFCF	Gross Fixed Capital Formation
GGDA	Gauteng Growth and Development Agency
GIBUS	Gauteng Informal Business Upliftment Strategy
GIIMP	Gauteng Integrated Infrastructure Master Plan
GPG	Gauteng Provincial Government

GSDF	Gauteng Spacial Development Framework
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDFC	Ithala Development Finance Corporation Limited
ILO	International Labour Organisation
IMF	International Monetary Fund
IPAP	Industrial Policy Action Plan
MEC	Member of the Executive Council
MoA/U	Memorandum of Agreement/Understanding
MOOC	Massive Open Online Courses
MTSF	Medium-Term Strategic Framework
MV	Military Veteran
NDP	National Development Plan
NEF	National Empowerment Fund
NIBUS	National Informal Business Upliftment Strategy
NIPF	National Industrial Policy Framework
NCA	National Credit Act
PFMA	Public Finance Management Act
PGM	Platinum Group Metal
PIC	Public Investment Corporation
PPI	Producer Price Inflation
PRASA	Passenger Rail Agency of South Africa
PwD(s)	People With Disability/ies
Q	Quarter
QLFS	Quarterly Labour Force Survey
R&D	Research and Development
SA	South Africa
SADC	South African Development Community
SARB	South African Reserve Bank
SARS	South African Revenue Services
SDG	Sustainable Development Goal
SEDA	Small Enterprise Development Agency
SEZ	Special Economic Zone

SMART	Specific, Measureable, Achievable, Realistic and Time-bound
SMME	Small, Medium and Micro Enterprise
SOC	State-Owned Company
SOE	State-Owned Enterprise/Entity
SONA	State of the Nation Address
SOPA	State of the Province Address
TER	Township Economy Revitalisation
TMR	Transformation, Modernisation and Re-industrialisation
TVET	Technical and Vocational Education and Training
UN	United Nations
US/USA	United States of America
YES	Youth Employment Service

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INTRODUCTION AND CONTEXT TO THE STRATEGIC PLAN

The Gauteng Enterprise Propeller (GEP) is a Provincial Government Agency established in terms of the Gauteng Enterprise Propeller Act (No. 5 of 2005), under the auspices of the Department of Economic Development as the Executive Authority. GEP was established to address market failures through the provision of financial and non-financial support to small enterprises (the collective of small, medium and micro enterprises and co-operatives) that fail to meet the funding qualifying criteria of banking institutions. The mandate of GEP is to promote, foster and develop small enterprises, to build a support network and integrate all government-funded agencies operating in the Province. In so doing, to promote economic growth, job creation and equity.

The GEP is a Provincial Public Entity, listed in terms of Schedule 3C of the Public Finance Management Act (No. 1 of 1999) (PFMA). Accordingly, the GEP is accountable to the DED and the Gauteng Provincial Legislature in terms of financial and performance management. The Agency operates under the supervision of an independent Board of Directors, whose non-executive members are appointed by the Executive Authority, striving at all times to comply with the principles contained in the King Code on Corporate Governance in South Africa (2016) (King IV).

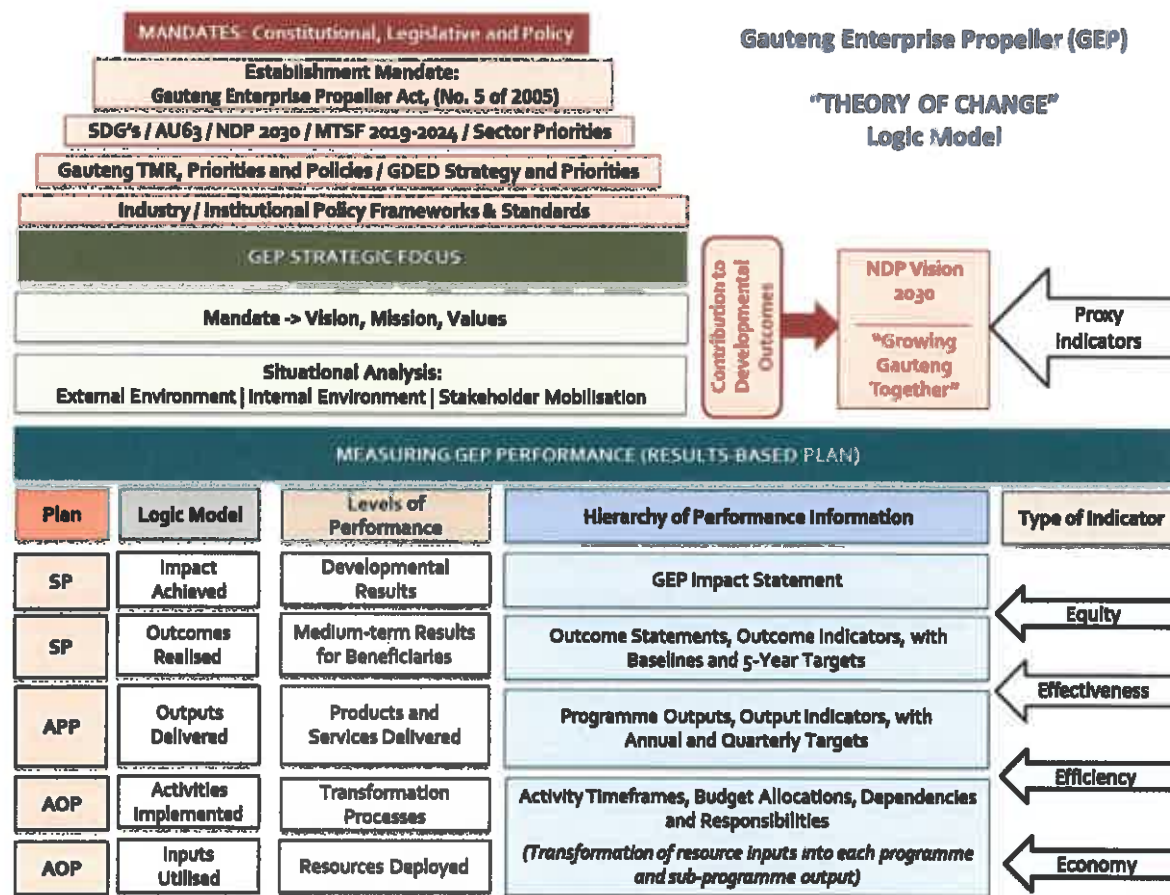
The Board provides leadership and oversees the strategic direction, so as to enhance shareholder value and ensure GEP's long-term sustainable development and growth. In fulfilling its responsibilities, the Board is supported by the GEP Chief Executive Officer and executive team, in implementing the approved strategic and corporate plans and policies, which are aligned to the key national and provincial policies and action plans.

With the advent of the 6th Administration of a democratic South Africa, post the national and provincial elections in May 2019, the Department of Planning, Monitoring and Evaluation (DPME) have issued the revised Framework for Strategic Plans and Annual Performance Plans (2019). In terms of the PFMA and the Framework, all government departments, government components and public entities are required to produce and table a 2020/21-2024/25 strategic plan and the aligned annual performance plans.

In this light, the GEP Board and Management Team embarked on a strategic review and planning process, commencing on 27 March 2019, and continuing through August 2019 and February 2020, towards the development of this 2020-2025 Strategic Plan and the aligned 2020/21 Annual Performance Plan.

Through the process, there was a need to examine, synthesise and assimilate the various strategic, policy and related documents, consider the changes in the performance environment and policy intent, and to develop a GEP Five-Year Strategic Plan that is progressive in nature and practical to implement – commencing with the development of the 2020/21 Annual Performance Plan, as year one of the new five-year strategy.

In facilitating the process towards the development of the strategic plan, a "Theory of Change Logic Model" was followed and informed the approach to the various discussions, and to the packaging of the arising strategic data, as follows:

Figure 1: The Theory of Change Logic Model Informing the planning approach

The planning process was necessarily iterative and focused on critically examining the mandate, strategic focus and hierarchy of performance information of the new results-based plan, including at the level of impact, outcomes and outputs. In the process, to ensure that the performance information is specific, measurable, achievable, realistic and time-bound – in accordance with “SMART” principles.

This Strategic Plan, as approved by the Board, then serves as input to the management team for the development of an aligned Annual Performance Plan (APP) and Annual Operational Plan (AOP) for 2020/21 (the first of five over the period to 2024/25). Management will then actively pursue implementation of the approved strategic plan and the aligned annual plans, under the oversight and guidance of the Board.

The outcomes of the above process are then reflected in the sections below, in the form of the Gauteng Enterprise Propeller (GEP) Five-Year Strategic Plan for the period 2020/21-2024/25.

PART A: OUR MANDATE

The GEP five-year Strategic Plan, for the period 2020/21-2024/25, is built from the foundation of a sound appreciation of the mandate of the Entity, derived from legislation (static mandates) and policy frameworks (dynamic mandates).

1. CONSTITUTIONAL MANDATE

At the apex of the legislative mandate informing the work of the GEP is the Constitution of the Republic of South Africa (Act No.108 of 1996) as the supreme law of the Republic of South Africa.

Along with the Bill of Rights, the Constitution forms the legal foundation of a democratic South Africa, sets out the rights and duties of its citizens and defines the structure of the government. All laws of the country must be consistent with the Constitution, and it further requires that all spheres of government work together to address poverty, underdevelopment, marginalisation of individuals and communities and other legacies of Apartheid and discrimination.

In this light, all government institutions, entities and municipalities ultimately derive their mandate from the Constitution.

The Constitution underscores the importance of intergovernmental, interdepartmental and international cooperation, and specifically:

- 1) Section 22 – Enshrines freedom of trade, occupation and profession: *“Every citizen has the right to choose their trade, occupation or profession freely. The practice of a trade, occupation or profession may be regulated by law”.*
- 2) Section 217 – Which requires that:
 - a) When an organ of State contracts for goods and services, it must do so in accordance with a system which is fair equitable, transparent, competitive and cost effective;
 - b) It does not prevent the organs of State from implementing a procurement policy providing for the protection or advancement of persons or categories of persons disadvantaged by unfair discrimination

In terms of Chapter 6, Section 125 of the Constitution, the Premier is the Executive Authority of the Province and executes functions as outlined in Chapter II, Section 3(1) of the Public Service Act. In fulfilling his mandate, the Premier is empowered to appoint members of the Executive Council and assign their functions, and the Gauteng Premier is thus supported by his/her team of 10 Members of the Executive Council (MECs).

2. LEGISLATIVE AND POLICY MANDATES

Whereas the Constitution provides the broad context to the mandate of the GEP, the specific establishment, legislative and policy mandates are outlined in the sections below.

2.1. LEGISLATIVE MANDATES

The mandate of the GEP is primarily derived from the Gauteng Propeller Act (No. 5 of 2005) (GEP Act). In terms of the Act, the objectives of the GEP are to:

- 1) Promote, foster and develop small enterprises in Gauteng;
- 2) Implement the policy of the Gauteng Provincial Government for small enterprise development;
- 3) Design and implement small enterprise development support programmes within Gauteng;
- 4) Establish and promote a support network in order to increase the contribution of small enterprises to the Gauteng economy;
- 5) Promote economic growth, job creation and equity;
- 6) Integrate all government-funded small enterprise support agencies in Gauteng;
- 7) Strengthen the capacity of service providers to assist small enterprises; and
- 8) Strengthen the capacity of small enterprises to compete successfully domestically and internationally.

The GEP Act outlines the various financial and non-financial mechanisms that the GEP should deploy in assisting entrepreneurs to develop and grow small enterprises, and advises on the responsibilities of the Agency in delivering on its objectives, towards sustainable development.

The GEP Act requires review and amendment to align with the changing needs, priorities and reforms impacting on the GEP moving into the 6th Administration. Particularly, the policy directive for the GEP to make an impact in diluting monopolies in the industrial sector and to drive the growth of small enterprises in new globally competitive sectors, including amongst others, agro-processing, tourism, automotive, ICT and software and the creative industries.

Whilst the GEP Act and the PFMA provide the legal framework for the establishment and operations of GEP, various other legislation regulates how the GEP should give effect to its mandate, notably:

LEGISLATION INFORMING HOW THE GEP NEEDS TO DELIVER ON ITS CORE MANDATE	
Legislation/Regulation	Relevance to GEP
Companies Act, 2008 (No. 71 of 2008), as amended	Regulates the incorporation, registration, organisation and management of companies, including the fiduciary and 'due care' duties and responsibilities of 'directors' of a company.
Co-operatives Development Act, 2005 (No. 14 of 2005), as amended	Provides for the formation and registration of co-operatives, the establishment of a Co-operatives Advisory Board and the winding up of co-operatives.
Co-operatives Banks Act, 2007 (No. 40 of 2007), as amended.	Provides for an appropriate regulatory framework and regulatory institutions for co-operative banks that protect members of co-operative banks.

LEGISLATION INFORMING HOW THE GEP NEEDS TO DELIVER ON ITS CORE MANDATE

Legislation/Regulation	Relevance to GEP
Consumer Protection Act, 2008 (No. 68 of 2008), as amended	Aims to protect consumers against unfair business practices, giving them greater recourse against companies that supply them with goods and services.
National Credit Act, 2005 (No. 34 of 2005), as amended	Promotes a non-discriminatory market place for access to consumer credit, and for general regulation of consumer credit.
Sales and Services Matters Amendment Act, 1995	Controls sales of goods and rendering of services, and appointment of the Controller responsible for display of markings and prices, and how goods are sold on auction.
Skills Development Act, 1998 (No. 97 of 1998), as amended.	Aims at the development of the skills of the South African workforce, and to improve the quality of life of workers and their prospects of work, to improve productivity in the workplace and the competitiveness of employers, and to promote self-employment.
Preferential Procurement Policy Framework Act, 2000 (No. 5 of 2000), as amended	To ensure that government's preferential procurement procedures are aligned with the aims of the Broad-Based Black Economic Empowerment Act, 2003 and the associated Codes of Good Practice.
Broad-Based Black Economic Empowerment Act, 2003 (No. 53 of 2003), as amended	Establishes a legislative framework for the promotion of black economic empowerment, and empowers the Minister to issue Codes of Good Practice and publish transformation charters, and establish the Black Economic Empowerment Advisory Council.

BROAD GOVERNANCE LEGISLATION AND REGULATIONS, *INTER ALIA* ...

- King IV Code on Corporate Governance in SA (2016)
- Occupational Health and Safety Act (No. 85 of 1993), as amended
- Competitions Act (No. 89 of 1998), as amended
- Financial Intelligence Centre Act, 2001 (No. 38 of 2001), as amended
- Financial Advisory and Intermediary Services Act, 2002 (No.37 of 2002), as amended
- Prevention and Combating of Corrupt Activities Act (No. 12 of 2004), as amended
- Promotion of Access to Information Act (No. 2 of 2000), as amended
- Promotion of Administrative Justice Act (No. 3 of 2000), as amended
- Promotion of Equality and Prevention of Unfair Discrimination Act (No. 4 of 2000), as amended
- Protected Disclosures Act (No. 26 of 2000), as amended
- Protection of Personal Information Act, 2013 (No. 4 of 2013), as amended
- Skills Development Act (No. 97 of 1998), as amended
- Labour Relations Act (No. 66 of 1995), as amended

BROAD GOVERNANCE LEGISLATION AND REGULATIONS, *INTER ALIA* ...

- Basic Conditions of Employment Act (No. 75 of 1997), as amended
- Employment Equity Act (No. 55 of 1998), as amended
- Compensation for Occupational Injuries and Diseases Act (No. 130 of 1993), as amended
- Intergovernmental Relations Framework Act (No. 13 of 2005), as amended
- Treasury Regulations and Accounting Standards (as published)
- Municipal by-laws

The abovementioned legislation and acts are not exhaustive, and it is recognised that GEP must comply with all national and provincial legislation and regulations, and all municipal by-laws, applicable to its functions or the areas in which it operates.

2.2. POLICY MANDATES

Whereas the above legislation and regulations define the scope of the mandate and regulate how the GEP must operate, various national and provincial policy and strategy frameworks give effect to how the mandate should be implemented, and have direct bearing on the priorities and focus areas of GEP for the 2020/21-2024/25 period of this Strategy Plan.

2.2.1. INTERNATIONAL AND NATIONAL POLICY CONTEXT

International/ National Policy Framework	Implications and Key Planning Considerations
International Policies and Conventions	
The UN Sustainable Development Goals (SDG) (2015)	<p>The 2030 Agenda for Sustainable Development, adopted by all United Nations member states in 2015, of which South Africa is a member, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.</p> <p>At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.</p> <p>The following SDGs are particularly relevant to GEP:</p> <ol style="list-style-type: none"> 1) Goal 5. Achieve gender equality and empower all women and girls; 2) Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; 3) Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

International/ National Policy Framework	Implications and Key Planning Considerations
The AU Africa 2063 Agenda (AU 2063)	<p>The African Union adopted Vision 2063 as a roadmap for continental development. Essentially, it aligns thinking from across the continent and distills the vision in a set of seven (7) aspirations.</p> <p>AU 2063 is an endogenous plan for transformation, aimed at harnessing the continent's comparative advantages, such as its people, history and cultures; its natural resources; its position and repositioning in the world to effect equitable and people-centred social, economic and technological transformation and the eradication of poverty.</p> <p>The following aspirations are particularly relevant to GEP:</p> <ol style="list-style-type: none"> 1) Aspiration 1. A prosperous Africa based on Inclusive growth and sustainable development; 2) Aspiration 6. An Africa where development is people-driven, unleashing the potential of its women and youth; 3) Aspiration 7: Africa as a strong, united and Influential global player and partner.
The ILO Recommendation 193 (2002)	<p>Seeks to promote the fullest participation in the economy and the social development of all people, while recognising that globalisation has created new challenges and opportunities for co-operatives in terms of their ability to facilitate a more equitable distribution of the benefits of globalisation.</p> <p>In this context, ILO recommendation 193 recognises the importance of co-operatives in terms of job creation, mobilising resources, generating investment and their contribution to the economy.</p>
The ILO Resolution 204 (R204) (2015)	<p>The critical focus is to facilitate the transition of the Informal to formal economy and to offer guidance to member states on how to facilitate the transition.</p> <p>Specifically, R204 outlines three key objectives:</p> <ol style="list-style-type: none"> 1) Facilitate the transition to formality; 2) Promote the creation of enterprises and decent jobs; 3) Prevent the Informalisation of formal jobs.
National Policies and Strategies	
The National Development Plan, Vision 2030 (NDP)	<p>The NDP envisions an economy that provides full employment by 2030 and serves the needs of all South Africans from different racial, social and economic backgrounds. As such, the economy will be more inclusive, grow faster, eliminate poverty and reduce inequality.</p> <p>The NDP emphasises the critical role of the small business sector in the economy and aims at the creation of 90% of 11 million needed jobs by 2030 through the small business sector, thus contributing to:</p> <ol style="list-style-type: none"> 1) Elimination of poverty (income less than US 2\$ per day); 2) Reduction in inequality (move the GINI coefficient from 0.69 to 0.60)

International/ National Policy Framework	Implications and Key Planning Considerations
<p>The National Industrial Policy Framework (NIPF) 2007 and the Iterative Industrial Policy Action Plans (IPAP).</p>	<p>3) Reducing unemployment from 24.9% in 2012, to 14% by 2020, and 6% by 2030.</p> <p>The NIPF has a fundamental role to play in achieving South Africa's goals of accelerating GDP growth to over 6 percent; halving unemployment and poverty, and the further intensification of industrialisation towards a knowledge economy. The primary objective of the NIPF is to set out government's approach to the industrial development of the South African economy.</p> <p>Consequently, the NIPF sets out a vision for the Industrial economy for both the short-medium and medium-long-term as follows:</p> <ol style="list-style-type: none"> 1) To facilitate diversification beyond our current reliance on traditional commodities and non-tradable services. This requires the promotion of increased value-addition per capita, characterised particularly by movement into non-traditional tradable goods and services that compete in export markets, as well as against imports; 2) The long-term intensification of South Africa's industrialisation process and movement towards a knowledge economy; 3) The promotion of a more labour-absorbing industrialisation path with a particular emphasis on tradable labour-absorbing goods and services, and economic linkages that catalyse employment creation; 4) The promotion of a broader-based industrialisation path characterised by greater levels of participation of historically disadvantaged people and marginalised regions in the mainstream of the Industrial economy; and 5) Contributing to industrial development on the African continent with a strong emphasis on building its productive capabilities.
<p>The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (2005)</p>	<p>Covers the entire continuum of needed support from pre-start up and start-up assistance measures to growing enterprises and enterprises in distress. It focuses on three strategic areas with aligned actions, as follows:</p> <ol style="list-style-type: none"> 1) Increase supply for financial and non-financial support services – Collaborative approaches to streamline resources from the public sector and crowding-in private sector resources; 2) Creating demand for small enterprise products and services - New policy directives, public sector procurement strategy and B-BBEE codes of good practice as a lever for increased demand; 3) Reduce small enterprise regulatory constraints - Enabling environment, establish a regulatory impact assessment framework and business environment monitoring mechanism.
<p>The Integrated Strategy on the Development and</p>	<p>Seeks to support the ongoing profiling of co-operatives, communication outreach, improving access to co-operatives support and information, research, strengthening advocacy on co-operatives, delivering effective service and monitoring impact. The strategy further introduces key co-</p>

International/ National Policy Framework	Implications and Key Planning Considerations
Promotion of Co-operatives (2012)	<p>operatives development and support programmes, under 4 strategic pillars, namely:</p> <ol style="list-style-type: none"> 1) To increase the supply of non -financial support services to co-operatives; 2) Creating demand for co-operative enterprises products and services; 3) To improve sustainability of co-operatives; 4) To increase the supply of financial support services to co-operatives. <p>These strategic pillars are underpinned by efforts aimed at improving the availability of quality business information and knowledge through expanded research, communication outreach, education and training, and monitoring.</p>
Youth Enterprise Development Strategy (2013)	<p>Seeks to increase the contribution of youth-owned and managed enterprises to national GDP, and to increase entrepreneurial culture, business management capacities, technical skills and talents among young people.</p>
The National Informal Business Upliftment Strategy (NIBUS) and Implementation Framework (2014 and 2015)	<p>Adopted by Cabinet in 2014, and aimed at supporting the enterprising poor in the Informal business sector and facilitating their participation in the mainstream economy through various policy and programmatic interventions.</p> <p>Particular focus on the four Implementation Thrusts that may inform other areas of DSBD work and focus:</p> <ol style="list-style-type: none"> 1) Enhance the quality of enterprise development, promotion and capacity building products and services; 2) Strengthen the policy and regulatory environment to support an integrated and coordinated approach to informal business upliftment; 3) Build the skills, capacity, systems and processes to drive an integrated and coordinated approach to informal business upliftment; 4) Strengthened national, regional and international partnerships to support and promote the NIBUS development agenda.
National Priorities for Next Five Years:	
Medium-Term Strategic Framework 2019-2024 (MTSF)	<p>MTSF 2019-2024 aims to address the challenges of unemployment, inequality and poverty through three pillars:</p> <ol style="list-style-type: none"> 1) Pillar 1: Achieving a more capable State; 2) Pillar 2: Driving a strong and inclusive economy; 3) Pillar 3: Building and strengthening the capabilities of South Africans.

International/ National Policy Framework	Implications and Key Planning Considerations
	<p>MTSF 2019–2024 translates the ruling party's electoral mandate into government's priorities over a five-year period. The three pillars set out above underpin the seven priorities of the strategic framework.</p> <p>The seven priorities, which will be achieved through the joint efforts of government, the private sector and civil society, are as follows:</p> <ol style="list-style-type: none"> 1) Priority 1: A capable, ethical and developmental State; 2) Priority 2: Economic transformation and job creation; 3) Priority 3: Education, skills and health; 4) Priority 4: Consolidating the social wage through reliable and quality basic services; 5) Priority 5: Spatial integration, human settlements and local government; 6) Priority 6: Social cohesion and safe communities; 7) Priority 7: A better Africa and World. <p>GEP contributes to the MTSF as follows:</p> <ul style="list-style-type: none"> ▪ Priority 1 – A capable, ethical and developmental State: <u>2024 Impact:</u> Public value and trust, and active citizenry and partnerships in society. ▪ Priority 2 – Economic transformation and job creation: <u>2024 Impact:</u> Unemployment reduced to 20%-24% with 2 million new jobs, especially for youth; economic growth of 2%-3% and growth in levels of investment to 23% of GDP. <p>Specific focus areas for GEP arising from the MTSF are discussed in Section 3 below.</p>

2.2.2. PROVINCIAL POLICY CONTEXT

As pronounced by the Premier during the State of the Province Address on 1 July 2019, the overarching policy context of the Gauteng Provincial Government (GPG) started in the previous term will continue and will underpin the 6th Administration plan of action under the theme of “**Growing Gauteng Together – our Roadmap to 2030 – GGT2030**”. In this regard, key provincial policies informing the work of GEP are as follows:

Provincial Policy Framework	Implication
Apex Priorities of GGT2030	<p>The 6th Gauteng Provincial Administration will focus on the following seven priorities:</p> <ol style="list-style-type: none"> 1) Economy, jobs and infrastructure; 2) Education, skills revolution and health; 3) Integrated human settlements and land release;

Provincial Policy Framework	Implication
	<p>4) Safety, social cohesion and food security;</p> <p>5) Building a capable, ethical and developmental State;</p> <p>6) A better Africa and world;</p> <p>7) Sustainable development for future generations.</p> <p>GEP's focus areas arising from the focus of the economic cluster in relation to GGT2030 are discussed in Section 3 below.</p>
<p>Ten Pillars of Transformation, Modernisation and Reindustrialisation (TMR)</p>	<p>GEP's primary alignment is to the following Pillars:</p> <ol style="list-style-type: none"> 1) Pillar 1: Radical Economic Transformation (especially Township Economic Revitalisation); 2) Pillar 6: Modernisation of Gauteng economy; and 3) Pillar 9: Reindustrialisation of Gauteng economy. <p>Therefore, GEP's focus needs to be on the revitalisation of township economies, ensuring the increased participation of SMMEs and co-operatives in Gauteng's mainstream economy and the growth and development of priority sectors.</p>
<p>Township Economy Revitalisation Strategy (2014)</p>	<p>To move small enterprises from marginal to the mainstream economy and increase economic participation of small enterprises.</p> <p>The key action points include:</p> <ol style="list-style-type: none"> 1) Developing strategies to support all forms of entrepreneurship; 2) Developing a systematic approach for identifying talent; 3) Working with education and training providers for incubation, coaching and mentoring services to promote entrepreneurship; and 4) To ensure accessibility of information and services.
<p>Tshepo 1 Million</p>	<p>Tshepo 1 million is an employment and entrepreneurship development initiative, which aims to train and skill, and place the unemployed into employment opportunities.</p> <p>It seeks to capitalise on the economic positioning and networks available to the GPG to catalyse a new period of job creation and economic growth in the five corridors of the Gauteng City Region (GCR).</p>
<p>Gauteng Entrepreneurship Model (2018)</p>	<p>The overall objective of the Gauteng Entrepreneurship Model (GEM) Framework is to set out an approach that would guide development support for SMMEs and co-operatives in such a way that successful, profitable and sustainable businesses are created in the Province in the long-term.</p> <p>Endorsed by the Province in 2018, the GEM is the cornerstone of GEP's delivery mechanism and approach for this five-year strategic plan, and defines the role of GEP, other DFIs and strategic partners in the growth path and phases of an enterprise:</p> <ol style="list-style-type: none"> 1) Ideation (pre-start-up) phase: Identification of the idea or opportunity, and development of the business concept; 2) Start-up phase: Establishment of the business and accessing the market;

Provincial Policy Framework	Implication
	<p>3) Early phase: Business is established and starting to scale;</p> <p>4) Growth phase: Maturity, revenue increases and expansion.</p> <p>GEP's focus arising from the approved GEM is discussed in Section 3 below.</p>
<p>Other Relevant Provincial Policies and Strategies</p>	<ul style="list-style-type: none"> ▪ The Gauteng Spatial Development Framework (GSDF) 2030; ▪ The GCR Integrated Infrastructure Master Plan (GIIMP); ▪ Gauteng City Region Economic Development Plan; ▪ Gauteng Informal Business Upliftment Strategy (GIBUS); ▪ GCR Governance and Planning Roadmap; ▪ Gauteng City Region Youth Development Strategy; ▪ Gauteng International and Africa Relations Strategy; ▪ Procurement Strategy in Support of the Township Economy Revitalisation; ▪ Gauteng E-Governance and ICT Strategy; and ▪ Gauteng Safety Strategy.

Whereas the above sections reflect GEP's alignment to legislation and the national and provincial policy stance for the 6th Administration, the specific longer-term policy and strategy trajectory of GEP, as it informs the 2021-2025 Strategic Plan, is outlined below.

3. INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

3.1. PRIORITIES OF THE 6TH ADMINISTRATION

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

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

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

- 1) Fiscal and monetary policy measures will be introduced as a means to easing economic pressure on business and consumers.
- 2) State-owned entities (SOEs) will be repurposed to support growth and development, as part of the economic reform measures.

- 3) A two-pronged approach will be adopted to address the youth unemployment crisis – (1) creating opportunities for employment, and (2) self-employment.
- 4) The Presidential Youth Employment Intervention will be implemented focusing on six priority areas:
 - a) **Pathways** will be created for youth to participate in the economy by building cutting-edge solutions to reach young people where they are, i.e. (online, on the phone and in person). Five prototypes will be launched in five provinces, that will be grown to a national network reaching 3 million people;
 - b) **Changes:** There will be fundamental changes in how young people are prepared for the future of work; providing shorter, more flexible courses in specific skills that employers in fast-growing sectors need;
 - c) **Innovation:** Developing new and innovative ways to support youth entrepreneurship and self-employment;
 - d) **Youth Employment Service:** Scaling up the Youth Employment Service and working with TVET colleges and the private sector to ensure that more learners receive practical experience in the workplace to complete their training;
 - e) **Presidential Youth Service:** Establishing the first cohort of a Presidential Youth Service Programme that will unlock the agency of young people and provide opportunities for them to earn an income, while contributing to nation building.
 - f) **Set aside budget:** Leading a youth employment initiative, which will be funded by setting aside 1% of the budget to deal with the high levels of youth unemployment. This will be through top slicing from the budget, which will require that we all tighten our belts and redirect resources to address the national crisis of youth unemployment.

As part of this intervention, the National Youth Development Agency and the Department of Small Business Development will provide grant funding and business support to 1 000 young entrepreneurs.
- 5) 100 000 young entrepreneurs will be assisted over the next three years to access business skills training, funding and market facilitation.
- 6) "SheTradesZA" platform is being introduced to assist women-owned businesses to participate in global value chains and markets.
- 7) Over the next five years, the Industrial Development Corporation is targeting R10 billion of own and partner funding for women empowered businesses.
- 8) To create a larger market for small businesses, the plan is to designate 1 000 locally produced products that must be procured from SMMEs.
- 9) The Procurement Bill will soon be presented to Parliament as part of government's efforts to empower black and emerging businesses and advance radical economic transformation.
- 10) The Clothing and Textiles Master Plan, which was signed last year, aims to create 121 000 new jobs in the retail clothing textile and footwear sector over the decade.

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

- 1) More jobs can be created by small and medium-sized businesses if they get appropriate support from the whole of government.
- 2) Important lessons have been learnt from supporting township business through infrastructure development and access to markets through government procurement worth over R20 billion.
- 3) Forms of support to be intensified:
 - a) Target and enforce procurement from businesses in townships to the value of 30% of GPG's procurement budget;
 - b) Ensure all SMMEs and township businesses contracting with the GPG are paid within 15 days to boost their sustainability (e-invoicing platform);
 - c) Continue to invest in infrastructure that supports clusters of township businesses to expand, access markets and prosper - includes rejuvenating township industrial parks, agri-hubs and local produce markets;
 - d) Give township enterprises, SMMEs and co-operatives the opportunity to maintain and repair government facilities, equipment, furniture and infrastructure. Such SMMEs will employ and train young people in technical trades;
 - e) **Reposition the Gauteng Enterprise Propeller to provide funding and business development support for the growth and sustainability of SMMEs and co-operatives;**
 - f) Set up a joint Township Economy Fund with the private sector - in line with the announcement by President Ramaphosa of establishment of Township Entrepreneurial Fund;
 - g) Premier to champion a new by-law model for a more developmental approach to regulation of township businesses - calling on support for the promulgation of the new Gauteng Township Economy Development Act, which will make it easier, affordable and quicker to register, open and operate a business in a township.
- 4) Inter-departmental and agency collaboration is required through off-take agreements with sister departments:
 - a) Facilitate the creation of 100 000 jobs in the construction sector;
 - b) Empower 50 emerging black firms as contractors and sub-contractors, including women and youth-owned businesses;
 - c) Revitalise regional economies, decaying CBDs, old towns and old townships;
 - d) Support the township economy and SMMEs in general;
 - e) Crowd in private sector investment;

- f) The Welfare-to-Work Programme will be upscaled from 30 000 to 100 000 young women, who will be empowered with skills that will enable them to graduate from social grants to work for themselves;
- g) Position Gauteng as the 'Hub of Africa's Creative and Cultural Industries'. Gauteng Creative Industry Indaba in April 2019 developed comprehensive proposals on how to strengthen this important sector and unlock its dynamic potential role in job creation, social cohesion and nation-building;
- h) Sports is big business and it has a huge impact on many sectors of our economy, including tourism and hospitality, manufacturing and the digital economy.

The July 2019 SOPA introduced the overarching plan of action of the Gauteng 6th Administration: **"Growing Gauteng Together: Our Roadmap to 2030" (GGT2030)**. GGT2030 reflects how the Gauteng City Region seeks to address the fundamental problems of inclusive growth and employment; poverty and hunger; education and healthcare; social justice and social cohesion; safety and security; gender equality and youth empowerment, urbanisation and migration; climate justice and the impact of the 4th Industrial Revolution.

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

The February 2020, SOPA was delivered in terms of the seven priority areas of GGT2030. The Premier of Gauteng, Mr David Makhura, stressed that the first and foremost economic goal is to grow the economy in order to massively increase the number of new jobs, while sustaining existing jobs in Gauteng.

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

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

The Premier stated that these high-impact sectors will be implemented through partnerships with relevant national departments, state-owned enterprises (SOEs), development finance institutions and business leaders to develop detailed implementation plans for each of these ten high-growth sectors. Underpinning these critical sectors is the globally competitive infrastructure and logistics capabilities aimed at unleashing the potential of the ten high-growth sectors, create massive job opportunities and facilitate the entry of new SMMEs, township businesses and black industrialists into the mainstream of our economy.

The Premier emphasised that the Province continues to leverage on the public procurement policy decisively to promote youth employment, women empowerment and the growth of black businesses and township-based enterprises. Over the next five years, the Province will step up economic empowerment programmes in Gauteng by:

- 1) Spending R4 billion per annum in buying goods and services from 2 000 township enterprises;
- 2) Using our infrastructure programme to support 50 black industrialists, enabling them to participate in the ten high-growth sectors of the Gauteng economy;
- 3) Supporting 50 emerging black farmers and 20 black agro-processors to help them turn their businesses into full-scale commercial agri-food enterprises;
- 4) Supporting 500 co-operatives in the care economy through an enabling policy framework that will enable government to buy uniforms, dignity packs and food packs for vulnerable households directly from co-operatives, instead of going through established businesses; and
- 5) The creation of 250 000 sustainable and decent jobs for young people.

Other key interventions of SOPA include the use of the provincial government's infrastructure programme to promote industrialisation by buying building and construction materials made by transformed South African manufacturers, especially those located in Gauteng. As per the commitment the Province made in July 2019, the government will introduce the Township Economic Development Bill in the Provincial Legislature in June 2020. This new law will nullify all by-laws that inhibit, frustrate and suppress the operations of SMMEs and informal businesses in our province. This new law will create new conditions for SMMEs and township businesses to create wealth and employment as they grow and prosper.

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

GGT2030¹ defines the Vision of the Gauteng City Region (GCR) as:

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

- *with an innovation-driven, knowledge-based economy and sustainable industries – Africa's hub of the 4th industrial revolution and especially artificial intelligence;*

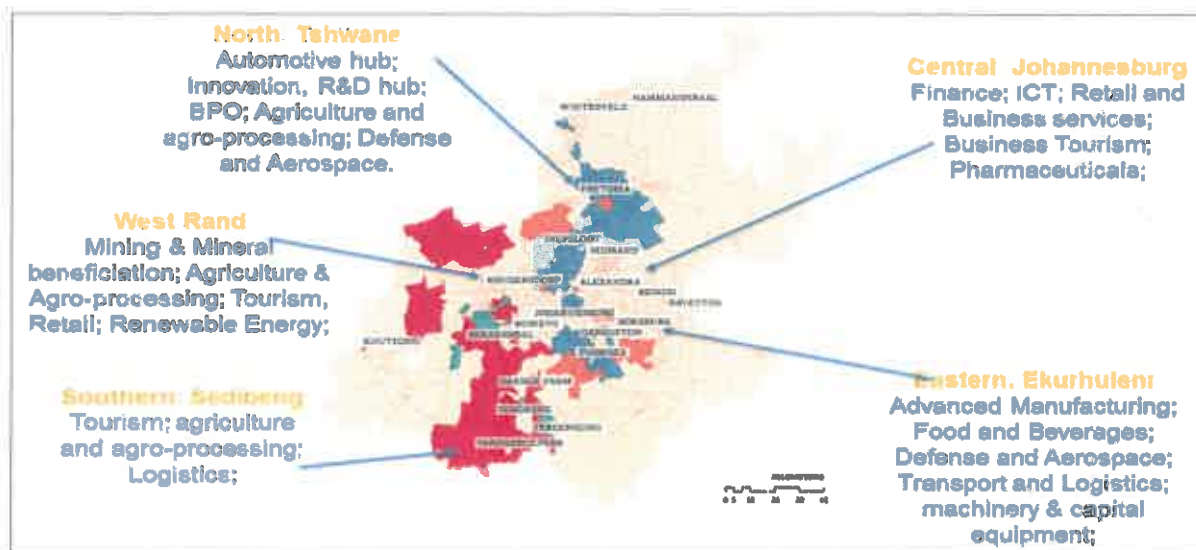
¹ Growing Gauteng Together 2030, Final Draft

- *an accountable, responsive, transparent and clean government and an active citizenry.*

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

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

Figure 2: Comparative advantages of the GCT development corridors



There is significant investment planned within each of these corridors, estimated at R89.9 billion, comprising a total of more than 8 000 economic and social infrastructure projects. GEP's role is to tap into the investment opportunities, and to provide the necessary financial and non-financial support to small enterprises in order for them to be in a position to access the opportunities provided by the developments of each corridor. The comparative advantages of each corridor, and targeted developments, provide direction to the GEP in terms of the sectors to focus on, particularly as the GEP is being repositioned and remodelled to play a significant role in industrial development within the Province.

The plans for each corridor are summarised in the table below:²

Table 1: Development corridor plans and priority developments

Northern Corridor (Tshwane)	
Consolidate Tshwane's Position as The Capital of the Republic And the Hub of The Automotive Industry Manufacturing, Innovation, R&D, Aerospace And Defence Industries.	
Together with the private sector, government is unlocking more than R60 billion investment in key areas over the next decade. These include:	
<ul style="list-style-type: none"> ▪ The Automotive SEZ ▪ Rosslyn Auto City 	

² Growing Gauteng Together 2030, Final Draft

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

Central Corridor (Johannesburg)

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

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

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

Western Corridor (Westrand)

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

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

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

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

Southern Corridor (Sedibeng)

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

Sedibeng's catalytic investment projects include:

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

o The Gauteng Highlands projects

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

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

Eastern Corridor (Ekurhuleni)

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

Ekurhuleni's catalytic investment projects include:

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

Taken as a whole, these projects will unlock over R200 billion worth of investment.

3.3. GEP LINE OF SIGHT TO NATIONAL AND PROVINCIAL MEDIUM-TERM PRIORITIES

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

NDP, Vision 2030	MTSF 2019-2024	GGT2030	Gauteng Economic Cluster Priorities	GEP Response (Provincial Plan Commitments)
<p>Chapter 3: Economy and employment</p>	<p>Priority 2: Economic transformation and job creation:</p> <p>Impact Statements:</p> <ul style="list-style-type: none"> Unemployment reduced to 20%-24% with 2 million new jobs, especially for youth; Economic growth of 2%-3%; and Growth in levels of investment to 23% of GDP. <p>Applicable Outcomes and Interventions:</p> <p>1) More decent jobs created and sustained, with youth, women and persons with disabilities prioritised:</p> <ul style="list-style-type: none"> Create jobs through Job Summit commitments, Operation Phakisa and other public sector employment programmes. <p>2) Investing for accelerated inclusive growth:</p> <ul style="list-style-type: none"> Improve the ease of doing business. <p>3) Industrialisation, localisation and exports:</p> <ul style="list-style-type: none"> Support localisation and industrialisation through government procurement (on designated products and services). <p>4) Reduce concentration, and monopolies and expanded small business sector:</p> <ul style="list-style-type: none"> Facilitate the increase in number of functional small businesses with a focus on township economies and 	<p>Priority 1: Economy, jobs and infrastructure</p> <p>Outcome: A growing, labour-absorbing, inclusive, innovative, sustainable and globally competitive economy.</p> <p>Focus: 10 x high growth sectors.</p> <p>1) Create decent employment through inclusive growth:</p> <ul style="list-style-type: none"> Increase investment in the economic development of townships, deteriorating areas and peri-urban areas; Adopt measures to improve youth employment levels, including working with the Youth Employment Service (YES) initiatives through Tshepo 1Million; Offer support for women-led SMEs and entrepreneurs and setting aside 40% of our procurement for women; Promote labour-absorbing industries e.g. the food economy; tourism; social economy/co-production and community works, care economy; Promote investment in new growth path sectors of the future: Green Economy, Knowledge Economy and Creative Industries; Establish agri-parks and processing facilities to support the agricultural value chain; 	<p>The clarion call is to support enterprises, including black industrialists, and to save and create decent jobs in the core industries of manufacturing, agro-processing, mining and beneficiation, and tourism.</p> <p>Specify, to:</p> <ul style="list-style-type: none"> Ensure DFIs pay more attention to employment creation, empowerment industrial diversification and development, small business and co-operatives. 30% of Gauteng spend to be ring-fenced for township enterprises. Targeted financial support to township – based enterprises: aimed at improving their liquidity and sustainability. Localisation and product accreditation support to enhance formalisation, competitiveness and market readiness of township enterprises. Commit to upstream value capture in big-ticket spending areas of roads, housing and health. Also, collaboration in other sectors such as agriculture and agro-processing, climate and green economy, Internet access and 4IR, tourism and informal economy. Multitier SEZ interventions - depressed regions and key SEZ sectors, e.g. automotive. Reduced concentration of monopolies in key sectors of the 	<p>1) Remodelling of GEP to facilitate growth and sustainability of emerging black industrial enterprises (in high growth sectors)</p> <p>2) Investment attraction and access to funding through partnerships and an integrated DFI referral system.</p> <p>3) Provide support to enterprises through Resource mobilisation.</p> <p>4) Provide opportunities for small enterprises to access government procurement opportunities through off-take agreements.</p> <p>5) Provide non-financial support to township-based small enterprises in key sectors, including:</p> <ul style="list-style-type: none"> Construction and manufacturing; Clothing and textile, leather and footwear; Wholesale and retail sector. <p>6) Non-financial support provided to township enterprises across all regions, at a spatial level, including the depressed regions.</p> <p>7) Financial support provided for small enterprises in the prioritised sectors, including manufacturing and agro-processing.</p> <p>8) Support provided to informal businesses to formalise.</p> <p>9) Support co-operatives to be</p>

NDP, Vision 2030	MTSF 2019-2024	GGT2030	Gauteng Economic Cluster Priorities	GEP Response (Provincial Plan Commitments)
	<p>rural development (200 000 supported);</p> <ul style="list-style-type: none">Strengthen development finance towards SMME development (50% of DFI financing to SMMEs);SMME development through incubation centres and digital hubs (270 established);Ensure inclusion of SMMEs in localisation and buy local campaigns;Explore the introduction of measures (such as tax breaks) for the first two years to support the establishment of new, small youth-owned start-ups (100,000 start-up youth business per annum - Job Summit Agreement). <p>5) Quality and quantum of investment to support growth and job creation improved:</p> <ul style="list-style-type: none">Improve the quality and rate of Infrastructure investment (R5 billion Infrastructure Fund). <p>6) Increased economic participation, ownership, access to resources, opportunities and wage equality for women, youth and persons with disabilities:</p> <ul style="list-style-type: none">Minimum 40% target for Women, 30% for Youth and 7% for Persons with Disabilities.	<p>2) Create an efficient, competitive and responsive economic infrastructure network:</p> <ul style="list-style-type: none">Invest in SEZ to grow an inclusive economy, supportive of high-growth sectors, namely, agro-processing, creative and cultural, high-tech sectors / knowledge / digital / gaming;Introduction of corridor-focused economic development to address Gauteng's regional economic inequalities and promote balanced development;Support local manufacturing by mandating the State to purchase 75% of goods and services from local producers, especially women and youth-led producers;Secure Industrial financing for productive economic sectors, e.g. manufacturing competitiveness enhancement programme;Implement a cumulative incubation programme to provide skills and jobs in various sectors including furniture, artisans, chemical, pharmaceuticals, and mining. <p>3) Rigorously support the expansion and sustainability of SMMEs:</p> <ul style="list-style-type: none">Launch the SMME fund to support the TER action plan;Address the domination of agriculture inputs by big business	<p>economy - industrialisation, access to markets.</p> <p>Therefore, to re-model and reposition the GEP to play a greater role as a vehicle to deliver financial and non-financial support to emerging enterprises</p>	<p>Investment ready.</p> <p>10) Implement the youth accelerator programme across the five regions.</p> <p>11) Prioritise the provision of support to women-owned and persons with disabilities' enterprises.</p> <p>12) Implement procurement set-asides in line with MTSF targets – 40% women and 30% youth-owned businesses.</p> <p>GEP FLAGSHIP PROGRAMMES:</p> <p>1. Youth Accelerator Programme:</p> <p>Provides job creation opportunities for unemployed youth, thereby reducing poverty and increasing the potential of youth to become active participants in the Gauteng economy.</p> <p>2. Pitching Booster:</p> <p>Provides township enterprises in key sector with an opportunity to pitch business ideas/concepts to a Panel of Industry Experts that assist with mentorship, coaching and other forms of business development support.</p>

NDP, Vision 2030	MTSF 2019-2024	GGT2030	Gauteng Economic Cluster Priorities	GEP Response (Provincial Plan Commitments)
		<p>and the monopoly domination of agro-processing and food retail;</p> <ul style="list-style-type: none"> ▪ Ensure that all SMMEs and township businesses contracting with the government are paid within 15 days; ▪ Empower a significant number of emerging black firms as contractors and subcontractors, including women and youth-owned. <p>4) Continue driving inclusive economic growth and meaningful economic opportunities for all, with specific focus on:</p> <ul style="list-style-type: none"> o SMMEs, co-operatives, township businesses, black-owned enterprises; and o Target groups (youth, women and persons with disabilities) – supported by incubation programmes, improved access to funding and grants, access to market initiatives. <p>5) Deliver on the priority actions related to agriculture, agro-processing and associated infrastructure:</p> <ul style="list-style-type: none"> ▪ Continued support for farmers across the various agricultural value chains. <p>6) Developing the informal economy through inclusive growth.</p>		
Chapter 13:	MTSF Priority 1: A capable, ethical and developmental State:	Priority 5: Building a capable, ethical and developmental State	As per MTSF and GGT2030	Sound governance, stakeholder-oriented and high-performing

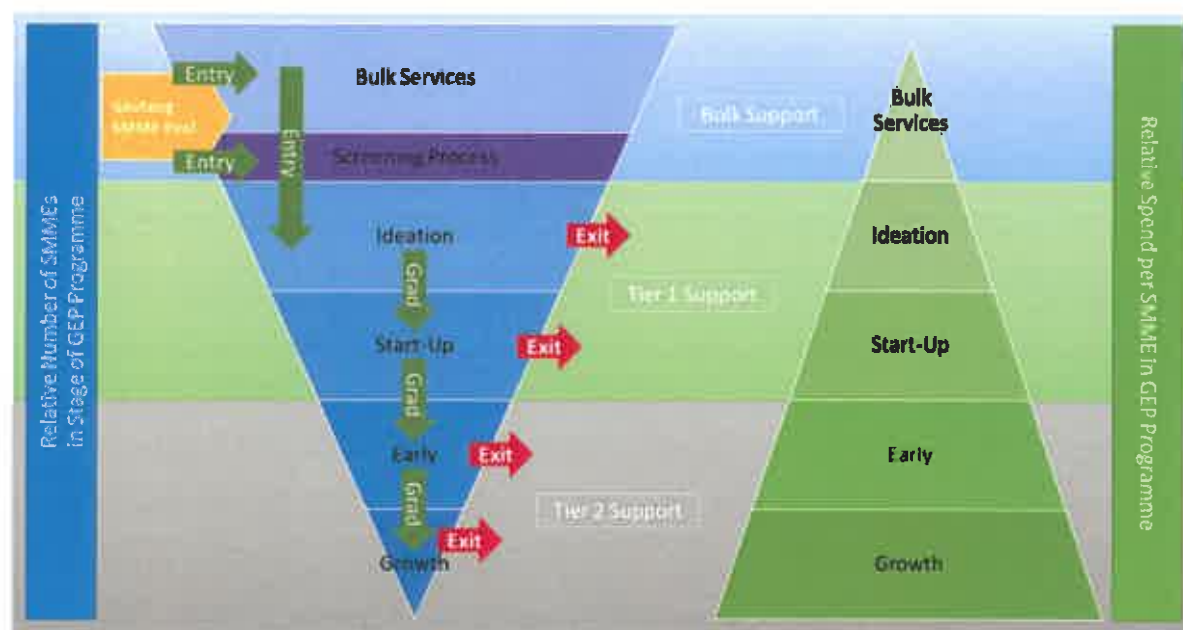
NDP, Vision 2030	MTSF 2019-2024	GGT2030	Gauteng Economic Cluster Priorities	GEP Response (Provincial Plan Commitments)
<p>Building a capable and developmental State</p>	<p>Impact Statements:</p> <ul style="list-style-type: none">Public value and trust;Active citizenry and partnerships in society. <p>Applicable Outcomes and Interventions:</p> <p>1) Improved governance and accountability:</p> <ul style="list-style-type: none">Strengthen the governance system of state-owned entities. <p>2) Functional, efficient and integrated government:</p> <ul style="list-style-type: none">Enhance productivity and functionality of public sector institutions in supporting people-centred service delivery;Improve financial management capability in the public sector;Measures taken to reduce wasteful and fruitless expenditure, and irregular expenditure in the public sector. <p>3) Professional, meritocratic and ethical public administration:</p> <ul style="list-style-type: none">Programme for building a professional public administration. <p>5) Mainstreaming of gender, youth and disability, empowerment and development institutionalised:</p> <ul style="list-style-type: none">Implementation of Gender, Youth and Disability responsive planning, budgeting, interventions, policies and legislations.	<p>Strategic Intent: Ensuring an accessible, responsive, ethical State that delivers.</p> <p>Primary Focus Areas:</p> <p>1) Building efficient, smart systems, processes, and points of access that provide seamlessly integrated services across the Province – with government functioning as 'one';</p> <p>2) Prioritising a professional, performance-driven public sector for all of Gauteng;</p> <p>3) Eliminating corruption;</p> <p>4) Improving oversight and accountability to optimise government delivery;</p> <p>5) Driving meaningful two-way engagement with communities, as the basis for good governance.</p>	<p>organisation, including:</p> <p>1) Reconfiguration and recapitalisation of GEP.</p> <p>2) Strategically aligned organisational structure – capacitated to implement strategy.</p> <p>3) Achieving and maintaining a clean audit outcome.</p> <p>4) Ensuring the financial sustainability of GEP.</p> <p>5) Improving customer satisfaction levels.</p> <p>6) Improving service delivery turnaround times.</p> <p>7) Improved systems and processes, based on 4IR / new technologies.</p> <p>8) Stringent consequence management.</p> <p>9) Employee performance management development.</p> <p>10) Develop alternative funding and partnership models.</p>	

3.4. GEM INFORMING THE GAUTENG ENTERPRISE PROPELLER STRATEGIC FOCUS FOR 2020/21-2024/25

Introduced earlier, the GEM approach will assist in striking a balance between the well-to-do businesses, and those that are still emerging and need further jump-starting. The model intends to address the challenges of small enterprises and co-operatives that are highly informal through the provision of compliance support, such as accreditation, product refinement, development of business plans and increasing participation in the mainstream economy. The model also proposes for a single window of application for the development finance institutions. Central to this model is the referral approach of applications above the GEP threshold, and the integration of all the development finance institutions and government departments that play a critical role in small enterprise development support. The model will serve as both a clearing house (developmental) and focus on high-impact interventions.

For the Gauteng Province, the Model proposes that the programme outcomes should comprise a mix of both large-scale broad impact, as well as narrow, high-growth potential impact. It is necessary to position the support programme in two tiered levels that allow for the realisation of broader impact in the form of mass SMME development, while also allowing for the support of a select number of elite 'gazelles' that would create greater economic growth and job creation impact. The figure below reflects the structure of the support functions of the GEM.

Figure 3: Gauteng Entrepreneurship Model – structure of support functions



Drawing from the above figure, the Model postures that the Province play a holistic and coordination role in the development process for small enterprises in the Gauteng Province, through the following support elements:

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

- a) During this stage, the relative spend per business should be a minimal amount, and should be focussed on basic support elements around informal business support and compliance aspects, such as CIPC and SARS registration and generic training;
 - b) Participation of SMMEs in this stage of support is also not based on any entry criteria, but is open to any entrepreneurs that approach DFIs for funding.
- 2) **Tier 1 support elements:** This stage of the SMME development process is made up of ideation and start-up phase businesses. These stages are the start of the entrepreneurial journey for any SMME, and are based on the development of the concept and concept validation (ideation), to activation of the business (start-up).
- a) The critical thrust of this stage of the programme is to provide the support that creates an environment in which entrepreneurs are able to explore and test concepts. During the ideation stage, ideas should be tested and failure should be embraced, and risk-taking supported, as key learning experiences that allow entrepreneurs to gain the knowledge, skills and capabilities that will equip them to identify business opportunities; to better turn such opportunities into viable enterprises, effectively manage business risks and obstacles, and better manage their businesses.

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

Table 2: Entrepreneurship growth path

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

Source, GEM, Gauteng Enterprise Propeller: 2018

In light of the above entrepreneurship pipeline, the Gauteng Province through GEM will focus on bringing the marginalised section of small enterprises into the mainstream economy. This will include identifying preparation, investment readiness support, concept preparation and improvement. GEP's focus will be on the provision of support to small businesses in the pre-start-

up (Ideation) and start-up phases of entrepreneurship development, followed by a referral, monitoring and mentoring process for the growth, maturity and long haul phases.

4. RELEVANT COURT RULINGS

At the time of developing this Strategic Plan for 2020/21-2024/25, there are no specific court rulings that have a significant, ongoing impact on the Gauteng Enterprise Propeller's operations or business obligations.

PART B: OUR STRATEGIC FOCUS

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

Specifically, the GEP mandate is to:

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

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

Visually, the mandate and impact may be reflected as follows:

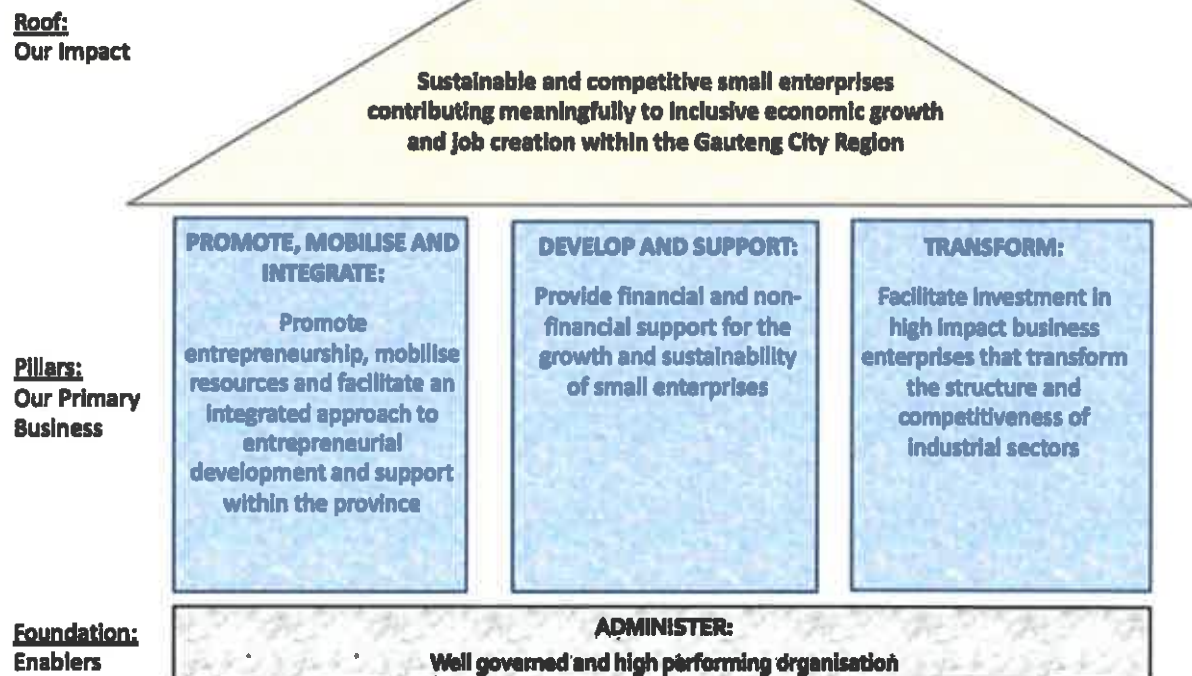


Figure 3: GEP Mandate and Impact

5. VISION

In delivering on its mandate reflected above, the Gauteng Enterprise Propeller sets for itself the following vision:

Propelling entrepreneurs into sustainable enterprises that contribute meaningfully to inclusive economic growth and job creation.

6. MISSION

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

- **Promoting entrepreneurship, mobilising resources and facilitating an integrated approach to entrepreneurial development and support within the Province;**
- **Providing financial and non-financial support for the growth and sustainability of small enterprises; and**
- **Facilitating investment in high-impact business enterprises that transform the structure and competitiveness of industrial sectors.**

The Mission is enabled by sound governance and a high-performing organisation.

7. VALUES

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

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

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

8. SITUATIONAL ANALYSIS

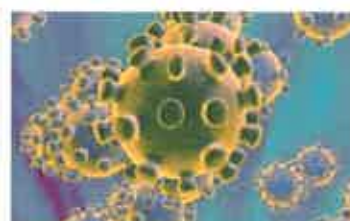
The Gauteng Enterprise Propeller executes its mandate, and seeks to achieve its vision and mission, in a complex environment, impacted by global, national and provincial events, which directly affect the pursuit of its desired impact and in delivering on its mandate.

8.1. EXTERNAL ENVIRONMENT ANALYSIS

8.1.1. MACRO SOCIO-ECONOMIC ENVIRONMENT

Global Economic Developments

Subsequent to downward revisions of the world economic forecasts by both the International Monetary Fund (IMF) and World Bank late last year, the IMF further downgraded the global economic growth to 2.9% in January 2020; 0.1 percentage point lower than the October 2019 estimate. Risks of further downward revisions remain high as COVID-19 (Coronavirus Disease 2019) continues to hammer economic activity and trade worldwide. Following a shaky performance in 2019, it is becoming increasingly likely that the global economy could suffer another year of uncertainty as the impact of the COVID-19 could push global GDP growth to the weakest pace since the global financial crisis. The virus is continuing to be a disruption in the world economy, at the back of prevention and containment measures that are currently being put in place across different countries. Cross-cutting adverse effects are likely to be seen in the tourism sector and commodity markets.



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Among other key developments, China's factory activity contracted sharply in February 2020, with the official manufacturing Purchasing Managers Index hitting a historic low of 35.7, down from 50

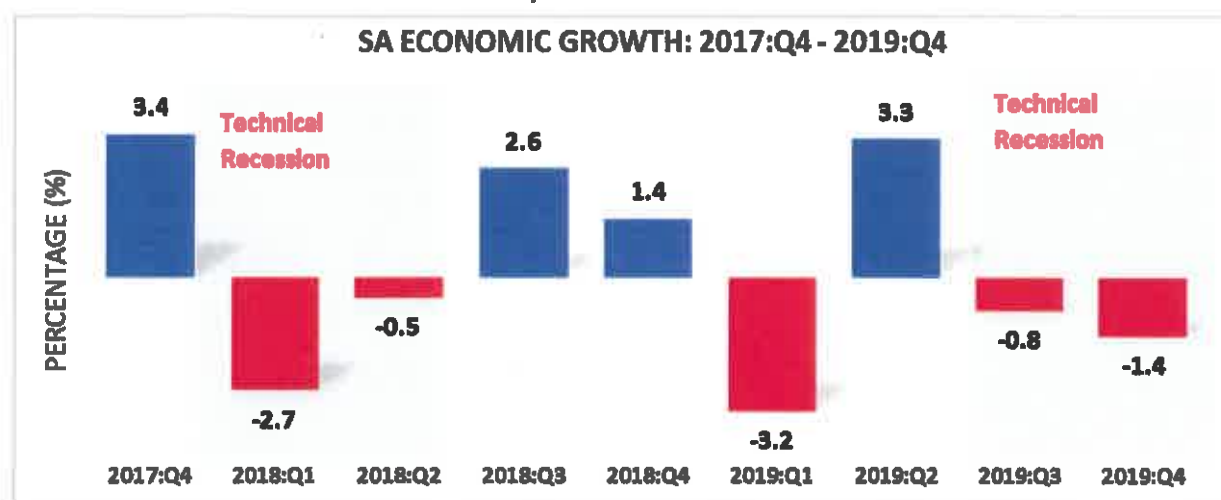
Index points in January. This has a direct negative bearing on the economy of South Africa, since China is South Africa's important trading partner.

Domestic Developments

South Africa's Gross Domestic Product (GDP) declined by 1.4% (y/y) in the fourth quarter of 2019, following a revised 0.8% contraction in the previous quarter (2019:Q3). This marked the second consecutive quarter of negative growth, pushing the SA economy into a technical recession. The local economy registered a meagre 0.2% improvement for 2019, compared to the 0.8% and 1.4% annual growth registered for 2017 and 2018, respectively. Unlike the rebound in economic activity recorded in the second quarter of 2019, the lacklustre performance for the fourth quarter of 2019 saw the domestic economy enter its second technical recession in two years and marked the third contraction in economic activity in a one year.

The sluggish outcome was attributed to a contraction in the three-broad sectors; particularly in the secondary sector. Performance in the secondary sector deteriorated by 2.6% owing to subdued activity across all sectors. The largest contraction of 5.9% was observed in construction activity, which was chiefly due to a protracted downturn in residential buildings, non-residential buildings and construction work during the period. Consequently, this was sector's sixth (6th) consecutive contraction. Notwithstanding, the FNB/BER Building Confidence Index improved in the fourth quarter of 2019 from 22 to 25 index points, with the only concern being around the cost of building materials among respondents.

Figure 4: SA economic growth: 2017:Q4 – 2019:Q4



Data Source: Statistics South Africa

Utilities regressed by 4.0% due to the re-emergence of load-shedding in October 2019, which adversely affected the income-generating capabilities of many enterprises. Similarly, manufacturing activity decreased by 1.8%. The weak performance in manufacturing was attributed to low automotive, and wood and paper industry production volumes. This was corroborated by lower average hours worked per factory worker in the South African Reserve Bank (SARB), leading indicator for December 2019. Analysts were of the view that the impediments in key intermediate goods manufacturing economies could have acted as a linchpin for the rejuvenation of the dwindling manufacturing and mining sectors, as established global value chains that depend on inputs from China came under growing strain on the back of trade talks between China and the US. Other hindrances could be evidenced by the uptick in Producer Price Inflation (PPI) since November 2019, which highly inflated by the PPI for electricity and water.

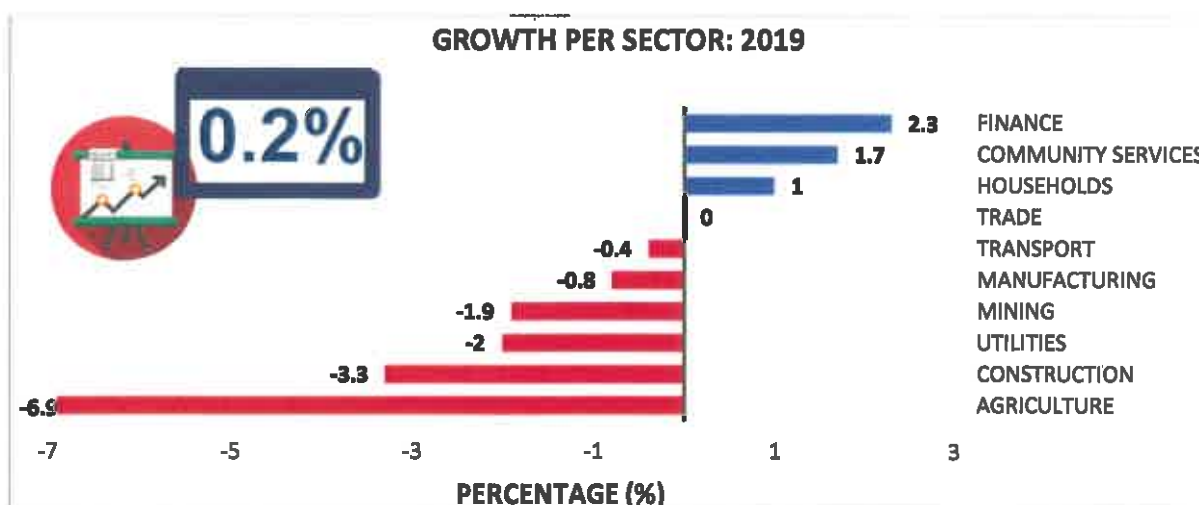
On the other hand, mining activity improved by 1.8% during the quarter with the increase credited to stellar performance in the Platinum Group Metals (PGMs) - this was likely due to increased demand for alternative suppliers in global value chains. Despite the expansion in mining activity, the primary sector recorded a 0.4% decline in production for the fourth quarter of 2019. This was appropriated to a 7.6% contraction – the largest decrease observed for the period and the fourth consecutive weakening – in agricultural activity due to a drop in yields of field crops and horticulture products. The depressed performance of the sector is mirrored in the protracted downturn in the AgBiz/IDC Agribusiness Confidence Index (ACI) following a devastating plunge in the first half of 2018 and consequent rebound of the sector (of 13.7%) in the third quarter of 2018. The ACI registered at 44 index-points for the last quarter of 2019.

The finance sector recorded the highest growth for the period, expanding by 2.7%. The growth was credited to increases in financial intermediation and auxiliary services which were possibly spurred by the rate cut in September 2019 and quantitative easing across several global central banks. However, the growth in the sector was eclipsed by sluggish figures for the transport (-7.2%), trade (-3.8%), households (-0.7%) and community services (0.4%) sectors, which resulted in the tertiary sector contracting by 1.0% over the quarter.

Given the seasonal effects in trade activity during the fourth quarter of each year, mainly owing to “Black Friday” and festive spending sprees, the dreary trade performance was unexpected. The decline in activity was chiefly due to lower wholesale and motor trade together with accommodation services, indicative of generally suppressed domestic demand. This is further supported by the drop-in sale of passenger vehicles, lower automotive export sales and the wholesale trade measure under the FNB/BER Business Confidence Index (BCI). According to FNB/BER, the BCI wholesale confidence plunged from 42 index-points in the second quarter of 2019 to 28 index-points for the last quarter of 2019. This was largely due to anaemic demand for non-consumer goods. Likewise, this softer wholesale trade confidence reading could partially explain the sluggish figures in the manufacturing as non-consumer goods are generally used as input production for the sector.

The South African economy expanded moderately by 0.2% (y/y) in 2019. This was below the market consensus of between 0.3% and 0.4% growth. The increase was stifled by contraction in six (6) out of the ten (10) sectors namely; agriculture (-6.7%), construction (-3.3%), utilities (-2.0%), mining (-1.9%), manufacturing (-0.8%) and transport (-0.4%). Conversely, increased output was registered for finance (2.3%), community services (1.7%) and household (1.0%) activity; while trade activity remained flat at 0.0%.

Figure 5: Growth per sector: 2019



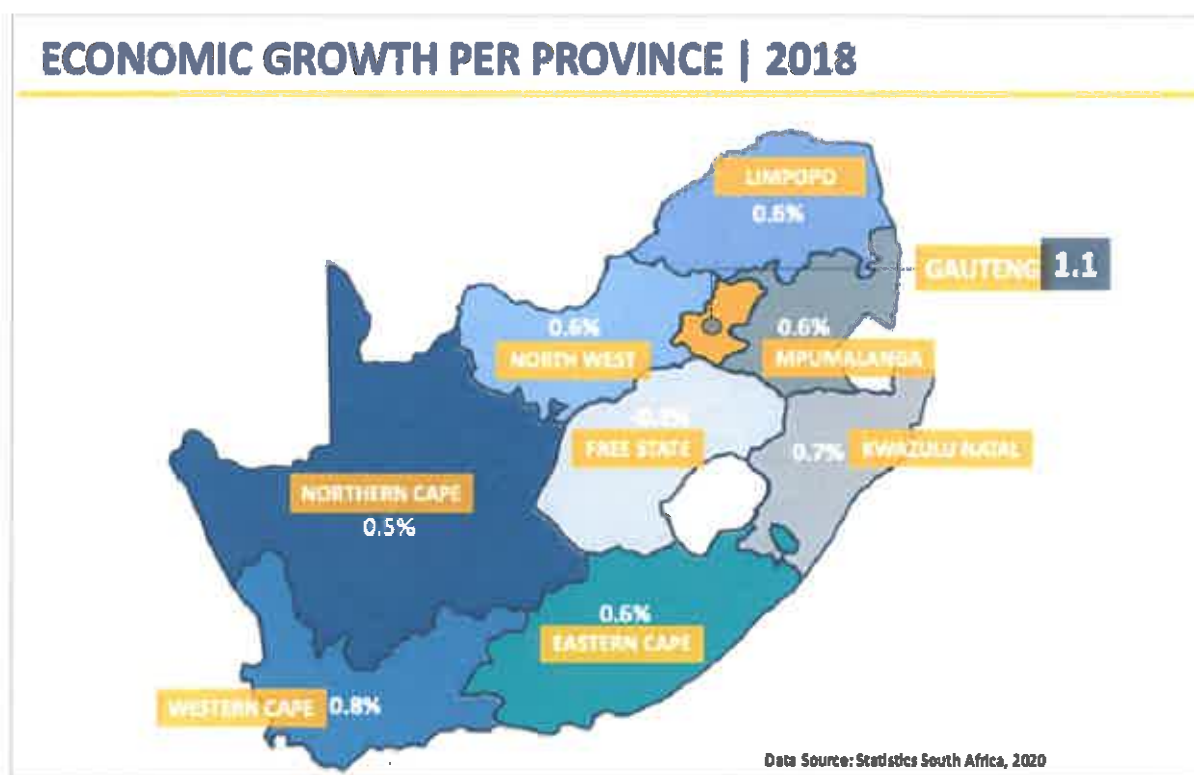
Data Source: Statistics South Africa

The flat growth in trade activity is corroborated by declines in expenditure sub-components such as goods and services exports (-2.5%), gross fixed capital formation (-0.9%) and the import of goods and services (-0.5%). Economic growth for the country remains on the downside in the near-to-medium term. Key deterrents to growth will stem from the uncertain energy supply, climate change and the exogenous effects of the Coronavirus outbreak on supply chains. However, the implementation of key pronouncements both the SONA and budget such as the tapering of the public wage bill, personal tax relief and the lag effects of rate cuts in 2019 could soften the hard landing expected for the economy for 2020.

Provincial Economic Growth Rates: 2018

Statistics South Africa released the province growth numbers for 2018. At the national level, South Africa registered moderate growth of 0.8% for 2018, which was a telling sign for a subdued economic growth figures at the provincial level. In 2018, the Gauteng economy led growth numbers, expanding 1.1% y/y. The Province was followed by Western Cape (0.8%) and Kwa-Zulu Natal (0.7%), whilst a contraction of 0.2% was registered in the Free State – likely due to the drought during the period.

Figure 6: Economic growth per province: 2018



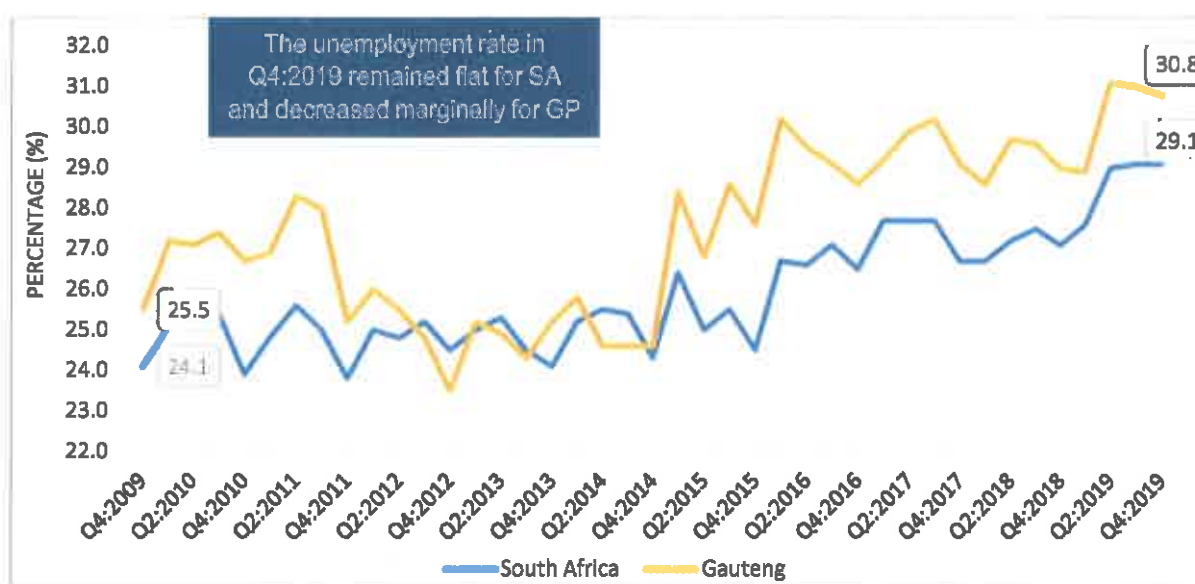
The uptick in Gauteng's economic performance in 2018 in comparison to 2017 (when the Province registered the second lowest growth rate) is likely attributed to the consistent performance of the finance sector in supporting growth as well as the positive implications of headquarter bias in the Province. Furthermore, Gauteng has a high concentration of activity in eight (8) of the ten (10) sectors – apart from mining and agriculture – which allows for a diversified economic profile and more potential to support growth. However, concerns about the production capacity of the

manufacturing sector are exacerbated by structural bottlenecks as well as cost-push inflation and intermittent electricity supply.

Domestic Labour Market Developments: National

The latest unemployment figures released by Statistics South Africa (StatsSA) show that the country continues to grapple with high levels of joblessness. During the fourth quarter of 2019 (Q4:2019), the national unemployment rate remained flat compared to the third quarter of 2019. The national unemployment rate registered at 29.1% unchanged from the previous quarter (Q3:2019) reading. This marks the first time, since 2008, that the rate has not decreased in the fourth quarter, which is a telling sign of a struggling economy as the last quarter of the year is typically characterised by higher employment numbers as businesses prepare for the holiday season. On the other hand, the unemployment rate for Gauteng declined slightly by 0.2 percentage points to 30.8% from 31% in Q3:2019.

Figure 7: South Africa and Gauteng unemployment rates, Q1:2008 – Q4:2019



Data Source: Statistics South Africa, 2020

Quarterly, the unemployment rate at the national level remained unchanged despite the increase in the number of employed. Total employment increased by 45 000 to 16.4 million. Meanwhile, the aggregate labour force rose by 38 000 to 23.1 million and the number of unemployed persons decreased by 8 000 (to 6.7 million) compared to Q3 2019. The employment number was mainly underpinned by higher job numbers in the Community and social services (113 000), followed by Finance (76 000) and Transport (36 000) sectors. Meanwhile, declines in employment were recorded in Trade (-159 000), Manufacturing (-39 000) and Utilities (-14 000) during the same period.

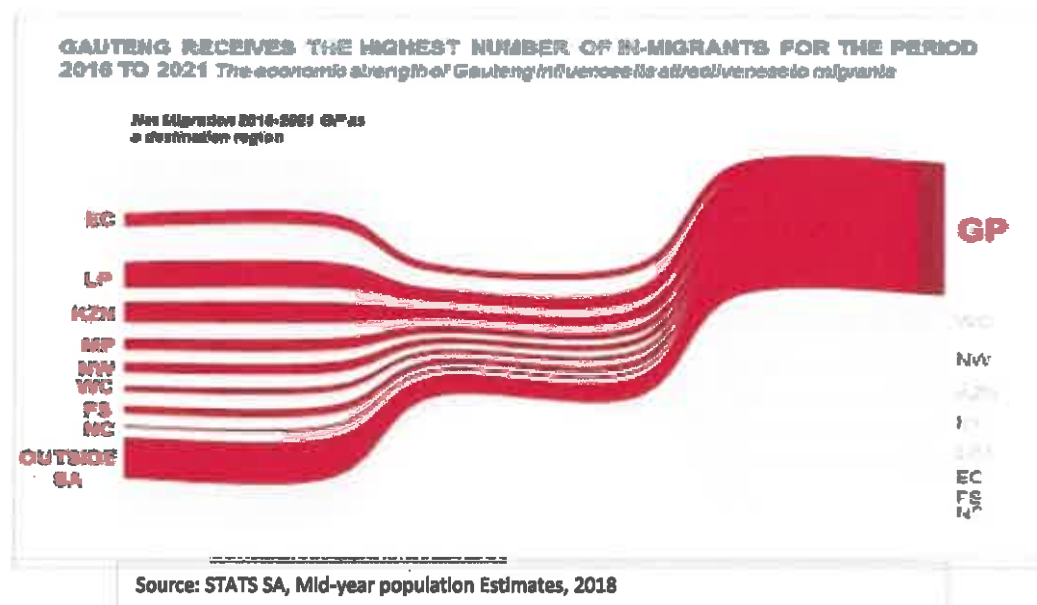
Domestic Labour Market Developments: Gauteng

In view of the developments in Gauteng, the latest statistics show that the province's unemployment rate dipped slightly by 0.2 percentage point from 31% in Q3:2019 to 30.8% in Q4:2019. Employment numbers in the province increased by 38 000 quarter-on-quarter (q/q) to 5.1 million – the largest employment increase by province in the country. Meanwhile, the number of unemployed individuals remained flat at 2.27 million. In addition, the number of discouraged

work-seekers increased by 29 000 over the quarter, further highlighting the challenges faced by those seeking and struggling to secure jobs. The job losses in the province over the quarter were largely driven by decreases in Trade and Construction, which both shed 16 000 jobs as well as Utilities (-13 000) and Agriculture (-11 000). Manufacturing was also among the job losers, with 3 000 job losses. On the other hand, job gaining sectors included Finance (41 000), Transport (19 000) and Mining (8 000). Compared to last year, Gauteng jobs lost were mainly due to job losses in Construction (-62 000), Finance (-35 000) and once more, Manufacturing (-13 000).

In migration patterns place further strain on the Province's ability to create sufficient employment, develop infrastructure and deliver services. 21% of the country's population lived in Gauteng in 2002. In 2019 that figure has grown to 25.8%.

Figure 8: Gauteng Province's In-migrants for the period 2016 to 2021



Gauteng in-migration is the highest in the country by some margin, estimated at 1 643 590 for the period 2016–2021. With migration out of the Province at 574 705, that means a net increase in the Province's population of just over a million (1 068 885) over the five year period. Migrants from outside of the country are estimated at 494 571, or just under a third of the total.³

8.1.2. MACRO-ECONOMIC IMPACT OF THE COVID-19 CRISIS

The above macro-economic analysis has been thrown into disarray by the COVID-19 crisis, which came to the fore at the tail end of developing this strategic plan. While the full impact is yet to be determined, it is apparent that the South African economy is headed towards a deep recession, which will affect at least the first two years of this strategic plan.

The COVID-19 crisis is viewed as the greatest economic calamity since the Great Depression. In the last two quarters of 2019, it became clear that South Africa was heading for a recession. The advent of the COVID-19 crisis compounded and exacerbated South Africa's economic woes. While the IMF estimates global economic growth to be at 2.9% this year, the Reserve Bank expects

³ Statistics South Africa Mid 2019 Population Estimates

South Africa's GDP to contract by 6% compared to the 0.2% estimated prior to the widespread COVID-19.

Most of South Africa's trading partners have not exited the COVID-19 pandemic; the likelihood being that the focus of trading partners will first be inward, as it has been a trend with China and USA post the 2008 financial crisis. Following a shaky performance in 2019, it is becoming increasingly apparent that the global economy will suffer another year of uncertainty, as the impact of the COVID-19 in China (and across global economies) could push economic growth to its weakest pace since the 2009 global financial crisis. Data from China showed that industrial production for January and February 2020 plunged by 13.5% year-on-year (y/y), following an increase of 6.9% in December 2019. Lower income countries are already hard-hit by the spreading virus. The IMF recently announced that 81 nations have sought support from the IMF emergency fund programme.

To curb the effect of the COVID-19 outbreak on financial markets and domestic economies, monetary and fiscal authorities across several global economies announced aggressive measures to support both the household and business sectors through these economically trying times. The US Fed, Bank of England (BoE), Bank of Canada and Reserve Bank of New Zealand aggressively reduced their key policy interest rates following emergency meetings in mid-March. The South African Reserve Bank also revised interest rates downwards with 1 percentage point consecutively to increase consumer spending and provide relief. Given the drop in demand for goods and services due to global shutdown, most firms are already in distress, while others are considering retrenchment.

Given the channelling of resources to fight the COVID-19 pandemic and borrowing from international finance institutions, and the reduced fiscus, compounding the negative economic growth and the high Government Debt to GDP, South Africa will have limited policy options to intervene in the economy. On the other hand, the COVID-19 pandemic provides South Africa with an opportunity to strengthen its economic base, increase the local content and participation of small businesses in the public procurement, stimulate economic growth in view of the reduced cheap imports penetration.

GEP's focus needs to be on providing small enterprises with business rescue and relief products and services in the form of grants, loans and other non-financial support services. Specific interventions will form part of the aligned annual performance plans over the planning period.

8.1.3. SMALL ENTERPRISES DEVELOPMENT LANDSCAPE

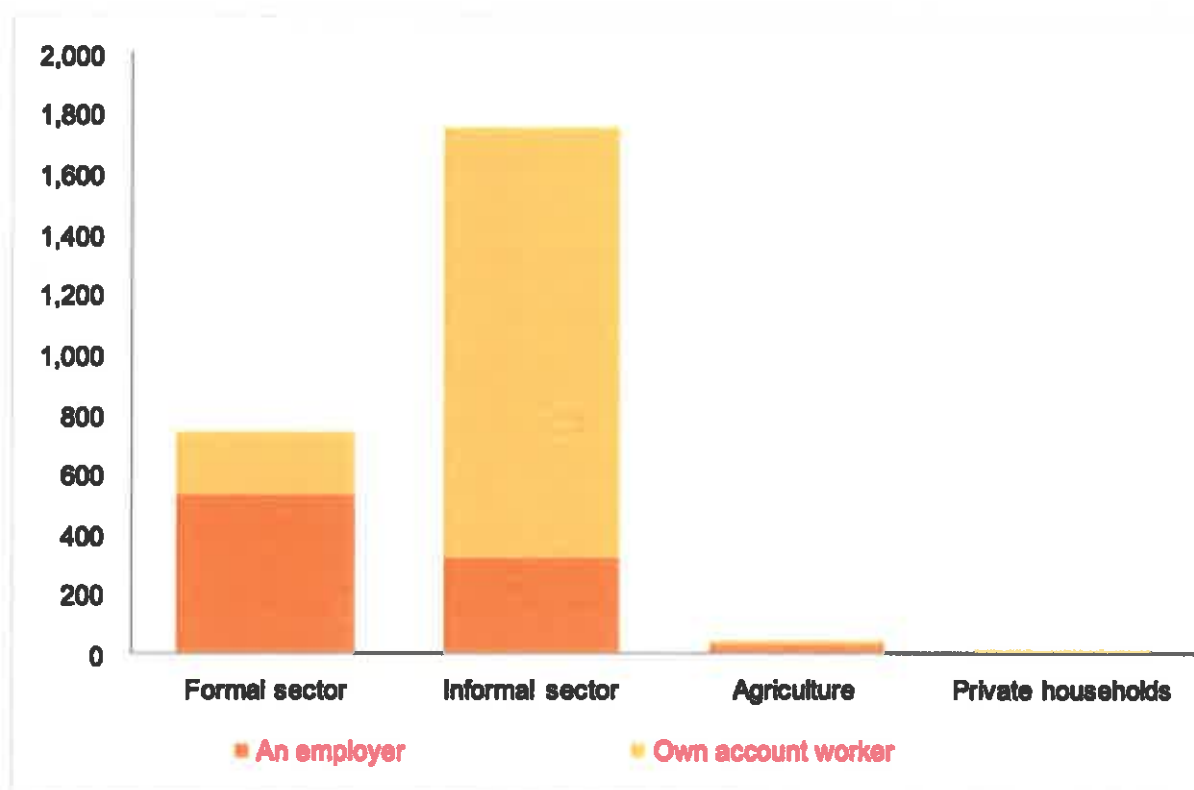
The NDP ascribes a critical role to small enterprises in contributing to the growth of the South African economy, eliminating inequality and reducing poverty. All over the world it has been recognised that the small business sector plays an important, if not critical role, in the economic and social development of a country. This also applies to South Africa, where the small business sector has previously been neglected during much of the century, following the discovery of diamonds and gold and the establishment of a modern, capitalist economy with almost exclusive white control.

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

Globally over the last decade, it has become clear that big business and the formal economy is not able to create sufficient employment, and that SMMEs are key drivers of growth and job creation in better performing and more stable economies. This has been shown to be the case in Germany, India, Malaysia, the People's Republic of China and Taiwan, amongst others, in which small businesses represent over 95% of total businesses and employ between 60% and 85% of the total workforce. On the other hand, the contribution and participation of small business in the South African economy is far below its potential. SMMEs represent 98% of all businesses, but employ only 47% of the total workforce⁴.

In the first quarter of 2019, the share of SMMEs operating in the informal sector stood at 69%, with the share operating in the formal sector at 29%. Most SMME owners in the formal sector also employ other people, while the majority in the informal sector are own account workers.

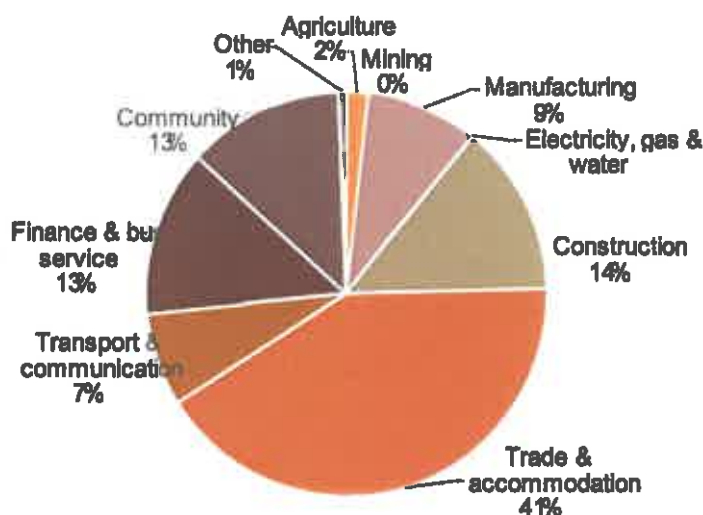
Figure 9: SMMEs by formal and informal sector (Q1, 2019)



Source: QLFS, Statistics South Africa

The number of SMMEs in South Africa continues to trend upwards (SEDA, 2019). The number of SMMEs increased by 4.4% to 2.55 million in quarter 1 of 2019, compared to 2.44 million at the same period in 2018 and 2.34 million in 2016. The more significant result from the latest survey (SEDA, 2019) is that the number of people employed in the SMME sector, excluding the owners, increased by 29% to 8 million. More than 85% of this increase came from the formal SMME formal sector (accounting for less than a third of the number of enterprises). Employment provided by SMMEs, including owners, increased to 10.8 million in 2019, accounting for 66% of economy-wide employment (16.5 million). The growth in the number of informal businesses has followed a similar trajectory, currently estimated at 1.7 million informal businesses in 2019.

⁴ <https://finances.worldbank.org/Other/MSME-Country-Indicators-2014/psn8-56xt/data>

Figure 10: Industry distribution of SMMEs In South Africa (Q1, 2019)

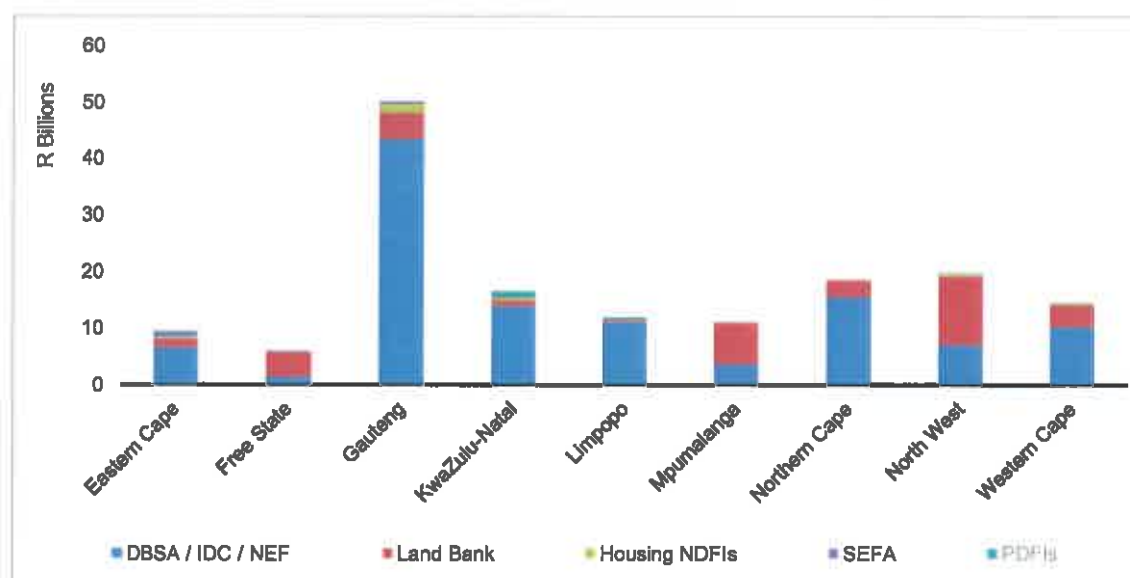
Source: QLFS, Statistics South Africa

In the year up to 2019Q1, there was an increase in the number of SMMEs active in only six of the ten main economic sectors. The trade and accommodation sector gained the most (accounting for close to 90% of growth, i.e. 107 400 enterprises) followed by transport and communication (22%). The number of SMMEs also increased significantly in the construction, manufacturing and financial business sectors. In contrast, the number of SMMEs in the community services sector declined sharply, as well as in agriculture.

The share of SMMEs less than three years in business has gradually declined from 35% in 2008 to 26% in 2019, while the share of owners with lower than secondary schooling completed, has dropped from 61% to 51%. The share of owners in the unskilled occupational categories, decreased from 27% to 25% over the past ten years.

SMMEs in Gauteng increased from 847 329 in 2018 to 902 220, accounting for 35.4% of employment, which mirrors and aligns with Gauteng's contribution to national GDP contribution. This also implies that most small businesses are concentrated in Gauteng, which also constitutes the biggest proportion of jobs created in South Africa. GEP's contribution has been through the provision of financial and non-financial support to over 35 000 small businesses in the past term, including co-operatives, whilst also creating jobs and developing skills for the youth, through the Youth Accelerator Programme and the Pitching Booster Programme.

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

Figure 11: Provincial concentration of DFI investment and financing assets

Source: National Treasury – 2017

8.1.4. STATUS OF ENTREPRENEURSHIP IN GAUTENG

Drawn from the approved Gauteng Entrepreneurship Model (GEM)⁵, this section describes the status of the entrepreneurial landscape in Gauteng with respect to the profile and needs of small enterprises in the Province. The insights have been developed by analysing the GEP database of support beneficiaries, complemented by a SMME Survey conducted among a sample of known SMMEs in the Province.

The data reveals the following:

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

⁵ Gauteng Entrepreneurship Model Framework and Implementation Plan, Final Draft, October 2018 (Data Analysis and Insights attributed to Urban-Econ)

While entrepreneurs/business owners may have the technical skills required in delivering a specific product or service, they often lack the basic business skills (business management, marketing, accounting, customer service, etc.) required for successful business development.

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

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

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

8.2. INTERNAL ENVIRONMENT ANALYSIS

The GEP Board and management deliberated extensively on the internal/organisational environment and past performance considerations, which have bearing on the formulation of the 2020-2025 Strategic Plan, as is reflected in the sections below.

8.2.1. ANALYSIS OF PAST (PREVIOUS TERM) PERFORMANCE AND LESSONS LEARNT

The figure and table below provides a summary at a glance of the performance of the GEP over the past term, 2014/15 to 2018/19.

Figure 12: GEP performance at a glance, 2014/15 to 2018/19

Financial Year	No. of SMME's Supported	Number of Co-ops Supported	Auditor General: Audit Opinion	Debt Collection
2014/15	8690	1269	Unqualified: Financial Audit- unqualified AOP - qualified	R10.1m
2015/16	8341	2631	Unqualified: Financial Audit- unqualified AOP - unqualified	R8.5m
2016/17	4702	1042	Clean: Financial Audit (no findings) & AOPO (no material findings)	R14. 6m
2017/18	4302	837	Clean: Financial Audit (no findings) & AOPO (no material findings)	R15.2m
2018/19	2956	247	Unqualified: Financial Audit-unqualified AOP-unqualified	R10.2m
Totals	28991	6026	-	R58.6m

Highlights of achievements Include:

- 1) GEP Strategy revision to align to TER and TMR Strategies (2015/16);
- 2) TER Strategy implementation through the GEP Community Fund, CAP and Township Business Renewal programmes;
- 3) Online system Introduced In 2017/18: Further system improvements planned for 2019/20 as part of second phase system updates;
- 4) Youth Accelerator Programme (solid results - to be remodelled to align with broader socio-economic challenges);
- 5) Pitching Booster Programme (solid results - to be remodelled to align with broader socio-economic challenges);
- 6) Co-operatives boot camps to enhance capacity of township co-operatives and Improve investment readiness;
- 7) Gauteng Entrepreneurship Model endorsed by Province in Feb 2019;
- 8) Reposition of provincial entrepreneurship support to enhance collaboration and efficiency;
- 9) Introduction of digitised SMME support: Digital literacy (MOOC piloting across regions);
- 10) Impact assessment conducted on IM and BDS programmes (currently focusing on action plans);

- 11) Development of interactive website (better quality Information of programmes);
- 12) GEP strategic shift towards more sustainable programmes vs. a quantitative approach.

The challenging financial situation that the GEP has faced over the term is reflected in the budget allocation and key cost drivers table below:

Table 3: Budget allocation and key cost drivers, financial years 2016/17 to 2019/20

Description	2016/17 R'000	2017/18 R'000	2018/19 R'000	2019/20 R'000
Personnel costs	R94 875	R102 400	R110 592	R116 194
Operational and maintenance costs	R58 397	R27 472	R35 156	R33 659
Programmes and projects	R38 644	R85 258	R88 221	R76 818
FSS loans	R44 802	R29 800	R23 320	R19 100
Total Allocation	R236 718	R244 930	R257 289	R245 771

From the above:

- 1) **Personnel cost:** Grown by 40% from 2016 to 2020, mainly driven by cost of leave adjustments and an average 7% increase in salaries.
- 2) **Operational costs budget reduced by 43%**, from R58 million in 2016/17 FY to R33 million in 2019/20. Goods and services budget is extremely low when comparing to the previous financial year's expenditure, which will result in overspending.
- 3) **Programme budget:** Dependant on the conditional grants issued by the shareholder and varies from year to year. Current programme grants: Youth Accelerator Programme, Pitching Booster Programme, Deliverology, Monitoring and Evaluation Project Evaluation, and Township Economy and Revitalisation Programme. A total of R76.8 million in current year.
- 4) **Financial support loans reduced by 57.3%**, from R44.8 million in 2016/17 FY to R19 million in 2019/20. GEP therefore continues to issue fewer financial support loans, thus limiting the impact of GEP mandate.

A major challenge has been the low rates of disbursements of approved loans. This is largely due to the lack of internal capacity. A further challenge has been the limited success of the resources mobilisation and revenue generation strategy, attributed to GEP's negative reputation; the overall negative perception of government; the tough economic climate; lack of capacity in the coordination of private sector participation in GEP's programmatic work; turnaround times for approval of MoU/MoAs internal processes; and the lack of budget and human capacity.

In summary, the following lessons learnt from the past have informed this new strategic plan:

Table 4: Lessons learnt from the past term

Lessons Learnt from the past term	What must be done differently looking
-----------------------------------	---------------------------------------

	forward?
Resource Mobilisation Strategy was developed, but it failed to match the rand value (allocated grant funding) due to reputational damage, the negative economic climate and limited capacity.	Significantly upscale the resource mobilisation function with requisite expertise.
Limited budget spread too thin: numbers vs. impact.	<ul style="list-style-type: none"> ▪ Gauteng Entrepreneurship Model (developmental) (GEM);
Demand-driven interventions led to too much focus on trade (retail and services) and less on manufacturing (labour-absorbing sectors).	<ul style="list-style-type: none"> ▪ Strong focus on industrial finance (prospect for creating quality jobs); ▪ GEP to be repositioned as centre of provincial SMME and co-operative development interventions
Generalising entrepreneurship: financial and non-financial support provided to SMMEs lack a tailor-made focus.	GEM to be incorporated into reconfiguration efforts as a means to encourage and support entrepreneurship in Gauteng.
Poor coordination across DFI s results in duplication of support interventions by entities and double-dipping into the limited government financial resources by SMMEs and co-operatives.	<ul style="list-style-type: none"> ▪ Strategic partnership pipeline to be established (informed by sector dynamics); ▪ Develop a pipeline of SMMEs and co-operatives ready to take up government procurement opportunities (30% set-aside).

The lessons learnt from the past have the following implications on planning:

- 1) In line with GEM, GEP needs to invest in those with an entrepreneurial mind-set - those willing and able to put in the work and build equity in the business, including with own money;
- 2) But, not to lose sight of fact that GEP is developmental - reason for GEP establishment. Need a cradle to grave approach with regards to support to sustainability;
- 3) Differentiate between the job seekers vs. entrepreneurs and the different support options, e.g. grants to support informal businesses to transition to formal, as compared to funding (or sourcing co-funding) for entrepreneurs that are willing and able to contribute own equity;
- 4) GEP has a role to play in promoting the mind-set of entrepreneurship with regards to small enterprises skills revolution towards achieving operational soundness and sustainability. This needs a combination of financial support and business development support;
- 5) GEP needs to embrace four elements - accountability in the value chain; transparency in all areas of business; openness; and institutional integrity. These are enablers for resources mobilisation.
- 6) GEP needs to garner and gain support, politically, for what needs to be done and to stick to doing the right stuff in terms of the mandate defined in this Strategic Plan;
- 7) Remodelling - development of a business case for GEP to operate within the Industrial financing space. This requires the development of an Industrial Financing Product to create and grow sustainable employment and stimulate economic growth in the Province;
- 8) Turnaround of GEP – resolve the burning issues around governance, policies, structure,

debt collection, due diligence, etc.;

- 9) Review GEP product offerings in line with the provincial mandate and strategy;
- 10) Target high-impact projects with huge economic multipliers AND balance development with high-impact interventions, e.g. development of Industrial Finance Product, Project Finance and Innovation Fund (4IR related projects/initiatives);
- 11) Re-skilling and Up-skilling of employees to meet the new challenges (becoming fit-for-purpose); and
- 12) Maintain organisational stability within GEP.

8.2.2. GEP STAKEHOLDER ANALYSIS INFORMING THE STRATEGY PLAN

The GEP operates in a multi-stakeholder environment. The ability to not only effectively identify, but also to manage these collaborative partnerships carries huge implications for the success or failure in fulfilling the GEP's strategic intent. Stakeholders and strategic partnerships have various impacts in advancing the attainment of the mandate of the GEP, as well as fulfilling the needs of its customers.

In this context, the GEP places its stakeholders at the apex of its strategic thinking and resultant planning, and stakeholder priorities are a critical consideration in the development of this Strategic Plan. The following table reflects key stakeholder considerations and programmes considered in the planning discussions.

Table 5: The GEP – Key external and Internal stakeholders

Key Stakeholder Group	Key projects/programmes required to meet the expectations of the stakeholder group
External Stakeholder Groupings	
Three Spheres of Government (Local, Provincial and National)	<ul style="list-style-type: none"> ▪ Coordination of enterprise support. ▪ Enterprise support programmes. ▪ 30% set asides for township-based enterprises.
DFIs	<ul style="list-style-type: none"> ▪ Access to funding across different sectors (co-funding and blended finance).
Private sector	<ul style="list-style-type: none"> ▪ Partnerships. ▪ Resource mobilisation. ▪ Enterprise supplier development. ▪ B-BBEE. ▪ Supplier diversity. ▪ Access to markets.
Institutions of higher learning	<ul style="list-style-type: none"> ▪ Sector focused Interventions. ▪ Research.

Key Stakeholder Group	Key projects/programmes required to meet the expectations of the stakeholder group
	<ul style="list-style-type: none"> ▪ Accredited courses.
Industry bodies	<ul style="list-style-type: none"> ▪ Accredited industry certification and standards.
Key sector players: construction, manufacturing, furniture, etc.	<ul style="list-style-type: none"> ▪ Focused Interventions targeting construction, manufacturing, furniture and other key sectors.
Gauteng youth (all the corridors)	<ul style="list-style-type: none"> ▪ Targeted youth development programmes. ▪ Youth Accelerator Programme in support of Tshepo 1 million.
Gauteng women	<ul style="list-style-type: none"> ▪ Implement targets for financial and non-financial support for women. ▪ Establish a women accelerator programme.
Informal business sector	<ul style="list-style-type: none"> ▪ Informal Business Upliftment Programme.
Private sector	<ul style="list-style-type: none"> ▪ Strategic partnerships: resource mobilisation, co-funding, enterprise supplier development and access to markets.
Internal Stakeholder Groupings	
GDED Group (department and its entities)	<ul style="list-style-type: none"> ▪ Collaboration on strategic small enterprise development programmes.

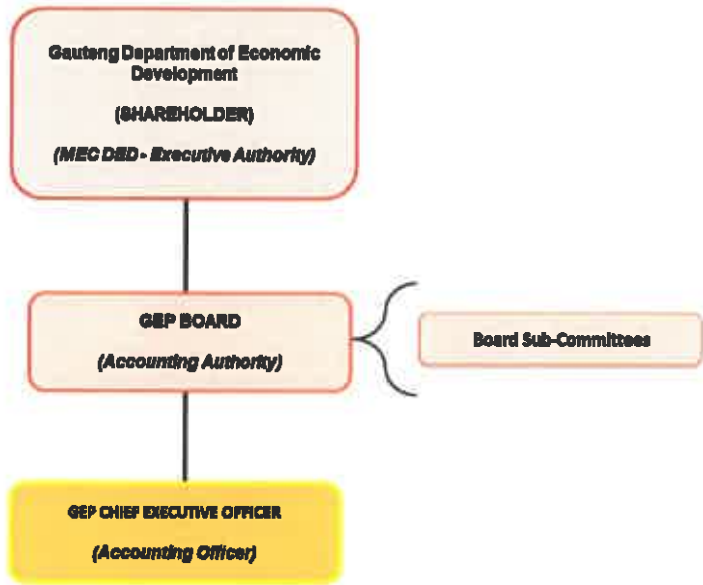
8.2.3. ORGANISATIONAL ENVIRONMENT INFORMING THE STRATEGIC PLAN

In order for GEP to deliver on this strategy, it is imperative that there is alignment between its people, processes and systems.

Analysis of the GEP Governance and Control Environment

So as to execute this Strategic Plan for 2020-2025, the governance arrangement of the Gauteng Enterprise Propeller is as follows:

Figure 13: The current GEP governance structure



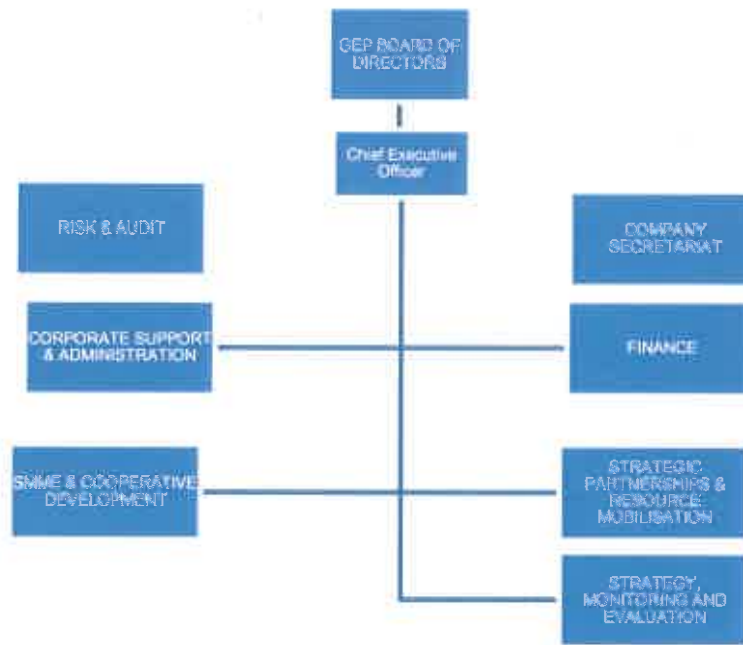
In terms of its operating structure, the Board is supported by the following Board sub-committees:

Figure 14: GEP Board sub-committees



These sub-committees have a delegated responsibility to assist the Board on specific matters, but this does not relieve the Board from its overall responsibility. The sub-committees' primary role is to review and make recommendations to the Board. The Board has, however, delegated certain matters to the sub-committees.

The current approved high-level organisational structure of the organisation, which will be reviewed as part of the reconfiguration of the GEP, is reflected as follows:

Figure 15: GEP high-level organisational structure**Reconfiguration and Recapitalisation of GEP:**

The directive is that the GEP is to be reconfigured to align with the provincial mandate of the 6th Administration. The reconfiguration approach needs to include the following:

- 1) Remodelling of GEP;
- 2) Recapitalisation of GEP;
- 3) Review of the governance framework for GEP;
- 4) Strengthening of the credit granting or lending policy;
- 5) Improvement of the debt management and collection strategies;
- 6) Strengthening of the revenue generation and stakeholder/partnership strategy;
- 7) Strengthening of the GEP business model that will facilitate long-term sustainability of the sponsored SMMEs and co-operatives, in line with the provincial's Township Economic Revitalisation (TER) and Township Modernisation and Re-industrialisation strategies.

While the GEP Act (No. 5 of 2005) identifies the need for a small enterprises support strategy that goes beyond the current programmes of government and financial institutions in providing financial and non-financial support to small enterprises in Gauteng, the conundrum faced by GEP is that:

- 1) There is inadequate capital investment for both financial and non-financial support;
- 2) Inadequate due diligence for both financial and non-financial support;
- 3) Inadequate skills set: A fit-for-purpose GEP capable of providing industrial financing;

- 4) Inadequate resource mobilisation and stakeholder management: Lack of co-funders for mega projects or high-impact projects or industrial projects, thus resulting in no partners to share funding and capital risks;
- 5) Marketing and communication strategy to cater for redefining of GEP brand, timeous communication and linking GEP to relevant stakeholders for opportunity taking, and linking SMMEs and co-operatives to the government information and incentives; and
- 6) Limited long-term sustainability of supported SMMEs and co-operatives - short-term solutions and product offerings.

The remodelling needs to be based on two pillars, considering the needs for sustainable investments, while balanced against the developmental role of the GEP:

1) Financial Returns:

- a) Financing Policy;
- b) Enhanced due diligence (EDD);
- c) Robust credit control/debt management;
- d) Post-Investment support (mentor in each sponsored business);
- e) Systems and controls.

2) Social Returns:

- a) Environmental: Green Economy, recycling and other innovative smart Industries linked to 4IR, environmentally friendly businesses;
- b) Social Inclusivity: Employment creation to improve social conditions, worker-shareholding - catered for as part of approval criteria (dilute monopolies), equity - investment biased towards black ownership (e.g. 50% ownership);
- c) Governance: Invest in businesses with good governance aligned to King IV principles, diverse management, job creation, enhanced skills

Recapitalisation may include the following:

- 1) Consider change of public entity classification (3C to 3D);
- 2) Budget allocation to be targeted at capacitation of SMMEs and co-operatives (current high-risk market);
- 3) As a 3C can generate own revenue of no more than 49% of total allocation (to exploit this);
- 4) Co-funders requires for mega projects as trustees, e.g. Bank A 10% risk, Bank B 40%, other 20% then covering the remaining 30% through guarantees);
- 5) Returns from mega projects to reinforce the SMME/co-operative support interventions;
- 6) All non-financial support to be funded via resource mobilisation (e.g. private sector, CSI budgets).

The key success factors are:

- 1) Robust risk management;
- 2) Adequate skills sets (match mandate and reconfigured);
- 3) Enhanced compliance (NCA/FAIS, etc.);
- 4) Enhanced product development;
- 5) Effective stakeholder management; and
- 6) Strong corporate social investment commitment.

To this end, the terms of reference for the development of a business case for the reconfiguration and recapitalisation of the GEP have been endorsed by the GEP Board and await shareholder approval.

8.2.4. SUMMARY OF CRITICAL ISSUES ARISING FROM THE SITUATIONAL ANALYSIS, INFORMING PLANNING TO 2025

Based on the above situational analysis, and guided by its balanced scorecard pillars and considerations, the following critical issues need to inform GEP's planning for the five-year period to 2025:





**Streamlined,
integrated and
efficient systems
and processes.**

(Automation of all
key business
processes)



**GEP the centre of
sustainable small
enterprises
development.**

(Promoting the
integration of DFI
services, ensuring
accessibility)



**GEM implementation,
with cradle to grave,
collaborative and
integrated approach.**



**Industrial financing,
contributing to
establishment of
supportive legislation
and Township Fund**

(Key element of
redefined Mandate -
Industrial
Development)



**Risk Management,
Good Governance
and Ethical
Management**

PART C: MEASURING OUR PERFORMANCE

9. INSTITUTIONAL PERFORMANCE INFORMATION

9.1. MEASURING THE IMPACT

Informed by the mandate and strategic focus of the GEP described above, and contributing to overarching impact of the Gauteng Department of Economic Development, which is:

An inclusive and sustainable economic growth that stimulates jobs within the Gauteng City Region,

the IMPACT statement of the GEP for the period 2020-2025 is as follows:

Impact
Statement

Sustainable and competitive enterprises contributing meaningfully to inclusive economic growth and job creation within the Gauteng City Region

9.2. MEASURING OUTCOMES

Aligned to the **strategic focus areas of the GEP mission**, five (5) Outcomes have been developed to direct the effort and focus of the Entity towards achieving its Intended Impact over the period to 2025, as follows:

Outcome	Outcome Indicator	Baseline	Five-year target
1. Resources mobilised for entrepreneurial development and Industrial sector growth	1.1. Rand value of resources mobilised for entrepreneurial development and industrial sector growth	New	R500 million*
2. Township enterprises and enterprises owned by target groups accessing markets (Black, women, youth, PwD)	2.1. Percentage of the rand value of public sector procurement in Gauteng accessed by small enterprises	New	30%**
3. Sustainable small enterprises that are creating jobs	3.1. Rand value of loan book	R160 million	R500 million***
	3.2. Survival rate of financially supported small enterprises	18%	50%
	3.3. Number of sustainable jobs created by supported enterprises	New	30 000

Outcome	Outcome Indicator	Baseline	Five-year target
4. Black-owned industrial enterprises participating sustainably in high growth sectors	4.1. Number of emerging black industrial enterprises supported to be sustainable participants in high growth sectors	New Indicator	50*
5. Well-governed and high-performing organisation	5.1. External Audit Outcome	Unqualified with findings	Clean Audit Outcome
	5.2 Percentage Increase in stakeholder satisfaction rating	New indicator	10% Increase on mid-term stakeholder satisfaction survey rating

Dependencies:

** Availability of SMME partnership fund for leveraging of external investments*

*** Provincial buy-in and collaboration*

**** GEP repositioned and recapitalised*

9.3. EXPLANATION OF PLANNED PERFORMANCE OVER THE FIVE YEAR PLANNING PERIOD

9.3.1. OUTCOME 1: RESOURCES MOBILISED FOR ENTREPRENEURIAL DEVELOPMENT AND INDUSTRIAL SECTOR GROWTH

The outcome aligns with the following interventions of MTSF Priority 2, Economic Transformation and Job Creation:

- 1) Investing for accelerated inclusive growth:
 - a) Improve the ease of doing business.
- 2) Reduce concentration and monopolies, and expanded small business sector:
 - a) Facilitate the increase in number of functional small businesses with a focus on township economies and rural development (200 000 supported);
 - b) Strengthen development finance towards SMME development (50% of DFI financing to SMMEs).

The outcome contributes to the following GGT 2030 priorities:

- 1) Increase investment in the economic development of townships, declining nodes and peri-urban areas;
- 2) Promote labour-absorbing industries, e.g. the food economy, tourism, social economy/co-production and community works;
- 3) Secure industrial financing for productive economic sectors, e.g. Manufacturing Competitiveness Enhancement Programme;
- 4) Launch the SMME fund to support the TER action plan;
- 5) Promote investment in new growth path sectors of the future: Green Economy, Knowledge Economy and Creative Industries;
- 6) Continue driving inclusive economic growth and meaningful economic opportunities for all, with specific focus on SMMEs, co-operatives, township businesses and black-owned enterprises.

GEP's planned performance over the five-year period is as follows:

Outcome 1: Resources mobilised to support entrepreneurial development and industrial sector growth	
Planned Performance	Description
Five-year target of outcome indicator	1.1. R500 million mobilised (direct and in-kind)
Reason for selecting the indicator	As the central hub (face) of entrepreneurship and small enterprise development in Gauteng, GEP aims to mobilise resources, beyond

Outcome 1: Resources mobilised to support entrepreneurial development and industrial sector growth

Planned Performance	Description
	<p>GEP's capital base, for the development of entrepreneurs and to support the growth and development of black-owned industrial enterprises.</p> <p>It is dependent on the reconfiguration of the GEP and the establishment of the SMME Partnership Fund that the GEP may leverage as public risk capital to attract private sector investment.</p>
Priorities related to Women, Youth and PwDs	<p>Preference will be given to small enterprises owned by women, youth and PwDs. However, the major focus of this outcome is on emerging black township owned enterprises.</p>
<p>Enablers to assist with achieving the five-year targets <i>(Informing APP Outputs)</i></p>	<ol style="list-style-type: none"> 1) Promote entrepreneurship and the GEM approach within the Province; 2) Breaking monopolies, and diversification through equity investment and credit lending to existing black (and women/youth-owned) companies in growth mode, with a proven track record; 3) Establish SMME (Township Fund) - determine thresholds and instruments, referrals; 4) Leverage existing and new industrial hubs for black industrial enterprises (through collaboration with GGDA). 5) Mobilise resources and leverage strategic partnerships: <ul style="list-style-type: none"> ▪ Development and approval of resources mobilisation strategy; ▪ Establish a pipeline of fundable enterprises; ▪ Establish a pipeline of co-funders (PIC, IDC, NEF, etc.); ▪ Conclude MoUs with co-funders / partners; ▪ Develop GO TO market strategy that matches small enterprises with funders. 6) Provide a one stop shop information service for the full spectrum of small enterprises service offerings by all DFIs; 7) Establishment of small enterprises index; 8) Marketing and communications – branding and repositioning of GEP as the central hub of entrepreneurship and small enterprise development in Gauteng.
Contribution to the Intended Impact	<p>Increased number of small enterprises, including emerging black-owned industrial enterprises accessing the financial and non-financial support needed to be sustainable and competitive, thus creating jobs.</p>

9.3.2. OUTCOME 2: TOWNSHIP ENTERPRISES AND ENTERPRISES OWNED BY TARGET GROUPS ACCESSING MARKETS

The outcome aligns with the following interventions of MTSF Priority 2, Economic Transformation and Job Creation:

- 1) Industrialisation, localisation and exports:
 - a) Support localisation and industrialisation through government procurement (on designated products and services).
- 2) Reduce concentration and monopolies, and expanded small business sector:
 - a) Facilitate the increase in number of functional small businesses with a focus on township economies and rural development (200 000 supported);
 - b) Ensure inclusion of SMMEs in localisation and buy local campaigns;
- 3) Increased economic participation, ownership, access to resources, opportunities and wage equality for women, youth and persons with disabilities:
 - a) Minimum 40% target for Women, 30% for Youth and 7% for Persons with Disabilities.

The outcome contributes to the following GGT 2030 priorities:

- 1) Adopt measures to improve youth employment levels, including working with the Youth Employment Service (YES) initiatives through Tshepo 1 Million;
- 2) Support local manufacturing by mandating the State to purchase 75% of goods and services from local producers;
- 3) Ensure that all SMMEs and township businesses contracting with the government are paid within 15 days;
- 4) Empower a significant number of emerging black firms as contractors and subcontractors, including women and youth-owned;
- 5) Spend R4 billion per annum on buying goods and services from 2 000 township enterprises;
- 6) Continue driving inclusive economic growth and meaningful economic opportunities for all, with specific focus on SMMEs, co-operatives, township businesses, black-owned enterprises and target groups – supported by incubation programmes, improved access to funding and grants, access to market initiatives.

GEP's planned performance over the five-year period is as follows:

Outcome 2: Township enterprises and enterprises owned by target groups (black, women, youth, PwD) accessing markets	
Planned Performance	Description
Five-year target of outcome indicator	2.1. 30% of the rand value of public sector procurement in Gauteng accessed by small enterprises.

Outcome 2: Township enterprises and enterprises owned by target groups (black, women, youth, PwD) accessing markets

Planned Performance	Description
Reason for selecting the indicator	<p>GEP intends to provide access to government procurement opportunities (markets) by establishing a pipeline of small enterprises within the province to meet the procurement needs of GPG departments.</p> <p>The outcome is dependent on a collaborative approach within the province through the conclusion of off-take agreements, with GEP serving as the central coordinating and access to markets agency for all provincial departments (and municipalities at a later stage).</p> <p>The indicator supports the SOPA 2020 statement relating to GPG spending R4 billion per annum on buying goods and services from 2 000 township enterprises.</p>
Priorities related to Women, Youth and PwDs	<ol style="list-style-type: none"> 1) Women-owned: 40% 2) Youth-owned: 30% 3) PwD-owned: 5%
Enablers to assist with achieving the five-year targets <i>(Informing APP Outputs)</i>	<ol style="list-style-type: none"> 1) Centre of government (Office of the Premier and Provincial Treasury) support and communication of the coordination and collaboration approach within the GPG; 2) Buy-in and support by GPG sector departments; 3) Leverage the Provincial Integrated Procurement Plan to develop a pool of small enterprises in support of government set-asides; 4) Facilitate the conclusion of off-take agreements between small enterprises and government departments (upstream value capture in in big-ticket spending areas of roads; housing, education, health); 5) Prepare and make available to GPG departments the database of GEP supported enterprises that are registered on the CSD of national treasury; 6) Establishment of Small Enterprises Index to monitor and track the number and rand value of GEP small enterprises benefitting from the procurement set-asides of GPG departments.
Contribution to the Intended Impact	Increased sustainability and competitiveness of small enterprises in the province to gain access to (and benefit from) government procurement opportunities.

9.3.3. OUTCOME 3: SUSTAINABLE SMALL ENTERPRISES THAT ARE CREATING JOBS

The outcome aligns with the following interventions of MTSF Priority 2, Economic Transformation and Job Creation:

- 1) More decent jobs created and sustained, with youth, women and persons with disabilities prioritised;

- 2) Reduce concentration and monopolies, and expanded small business sector:
 - a) Facilitate the increase in number of functional small businesses with a focus on township economies and rural development (200 000 supported);
 - b) Strengthen development finance towards SMME development (50% of DFI financing to SMMEs);
 - c) SMME development through incubation centres and digital hubs (270 established).
- 3) Increased economic participation, ownership, access to resources, opportunities and wage equality for women, youth and persons with disabilities:
 - a) Minimum 40% target for Women, 30% for Youth and 7% for Persons with Disabilities.

The outcome contributes to the following GGT 2030 priorities:

- 1) Increase investment in the economic development of townships, declining nodes and peri-urban areas;
- 2) Promote labour-absorbing industries, e.g. the food economy, tourism, social economy/co-production and community works;
- 3) Promote investment in new growth path sectors of the future: Green Economy, Knowledge Economy and Creative Industries;
- 4) Implement a cumulative incubation programme to provide skills and jobs in various sectors including furniture, artisans, chemical, pharmaceuticals, and mining;
- 5) Empower a significant number of emerging black firms as contractors and subcontractors, including women and youth-owned;
- 6) Continue driving inclusive economic growth and meaningful economic opportunities for all, with specific focus on:
 - a) SMMEs, co-operatives, township businesses, black-owned enterprises; and
 - b) Target groups (youth, women and persons with disabilities) – supported by incubation programmes, improved access to funding and grants, access to market initiatives.
- 7) SMMEs supported through the provision of various agriculture value chain facilities across the development corridors;
- 8) Developing the informal economy through inclusive growth.

GEP's planned performance over the five-year period is as follows:

Outcome 3: Sustainable small enterprises that are creating jobs	
Planned Performance	Description
Five-year targets of outcome indicators	3.1. Value of the loan book increased from R160 million to R500 million over the five-year period.
	3.2. 50% survival rate of supported small enterprises.

Outcome 3: Sustainable small enterprises that are creating jobs

Planned Performance	Description
	3.3. 30 000 sustainable jobs created by enterprises supported.
Reasons for selecting the Indicator	<ul style="list-style-type: none"> ▪ GEP needs to grow its loan book by ensuring efficiency in loan approvals and high levels of loan recoveries; ▪ Recapitalisation of the Entity will further increase the value of the loan book. The result is more funding available to support more small enterprises: <ul style="list-style-type: none"> ▪ This is a significant dependency of the loan book target; ▪ Due diligence processes and post investment support activities are critical; ▪ The focus is not only on providing loans, but also on ensuring small enterprises are sustainable, i.e. performing in terms of sustainability criteria outlines in the GEP Act; ▪ The outcome is an increase in the number of jobs created by the enterprises supported.
Priorities related to Women, Youth and PwDs	<p>Targeted funding allocations:</p> <ul style="list-style-type: none"> ▪ Women-owned = 40% ▪ Youth-owned = 30% ▪ PwD-owned = 5%
Enablers to assist with achieving the five-year targets (informing APP Outputs)	<ol style="list-style-type: none"> 1) Provision of different types of loans as per GEP Act, including: <ul style="list-style-type: none"> ▪ bridging finance, invoice discounting and debt factoring, re-introduce revolving credit facilities, and amend policy to allow refinancing of existing loans on a case-by-case basis. 2) Implementation of GEM for a tailored, integrated (referral) approach: <ul style="list-style-type: none"> ▪ Ideation – test idea, market research, positive results = move to start-up, negative results = provide more training; ▪ Start-up - Community Fund, continuous business monitoring, financial management (accreditation, compliance, etc.); ▪ Early growth – TBR, require micro finance (R10 000-R50 000 – company profile (provides) – Business plan, SABS compliance; ▪ Growth – Provide financial support, referrals to other DFIs and Industrial Finance. ▪ Handholding (business monitors and mentors) 3) Implementation of Gauteng Informal Business Upliftment Strategy (GIBUS).
Contribution to the Intended Impact	By growing the loan book, and providing effective, integrated business support services, the outcome has a direct impact on the sustainability and thus the competitiveness of supported small enterprises.

Outcome 3: Sustainable small enterprises that are creating jobs

Planned Performance	Description
	The impact is increased job creation.

9.3.4. OUTCOME 4: BLACK-OWNED INDUSTRIAL ENTERPRISES PARTICIPATING SUSTAINABILITY IN HIGH GROWTH SECTORS

The outcome aligns with the following interventions of MTSF Priority 2, Economic Transformation and Job Creation:

- 1) More decent jobs created and sustained, with youth, women and persons with disabilities prioritised:
 - a) Create jobs through Job Summit commitments, Operation Phakisa and other public sector employment programmes.
- 2) Reduce concentration and monopolies, and expanded small business sector:
 - a) Facilitate the increase in number of functional small businesses with a focus on township economies and rural development (200 000 supported);
 - b) Strengthen development finance towards SMME development (50% of DFI financing to SMMEs);
 - c) SMME development through Incubation centres and digital hubs (270 established);
 - d) Ensure inclusion of SMMEs in localisation and buy local campaigns;
- 3) Quality and quantum of investment to support growth and job creation improved:
 - a) Improve the quality and rate of infrastructure investment (R5 billion Infrastructure Fund).

The outcome contributes to the following GGT 2030 priorities:

- 1) Promote labour-absorbing industries, e.g. the food economy, tourism, social economy/co-production and community works;
- 2) Promote investment in new growth path sectors of the future: Green Economy, Knowledge Economy and Creative Industries;
- 3) Launch the SMME fund to support the TER action plan;
- 4) Address the domination of agriculture inputs by big business and the monopoly domination of agro-processing and food retail;
- 5) Empower a significant number of emerging black firms as contractors and subcontractors, including women and youth-owned;
- 6) Continued support for farmers across the various agricultural value chains in the five development corridors of the GCR.

GEP's planned performance over the five-year period is as follows:

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

Planned Performance	Description
Five-year target of outcome Indicator	4.1. 50 black industrial enterprises supported to be sustainable participants in high growth sectors.
Reason for selecting the Indicator	<p>The Indicator represents GEP's enhanced role aimed at providing support for emerging black industrial enterprises in high growth sectors.</p> <p>It hinges on the reconfiguration of the GEP and the establishment of the SMME Partnership Fund that the GEP may leverage as public risk capital to attract the minimum investment amount of R5 million to support the emerging black-owned industrial enterprise.</p>
Priorities related to Women, Youth and PwDs	<p>Targeted funding allocations:</p> <ul style="list-style-type: none"> ▪ Women owned = 40% ▪ Youth-owned = 30% ▪ PwD-owned = 5%
Enablers to assist with achieving the five-year targets <i>(Informing APP Outputs)</i>	<ol style="list-style-type: none"> 1) Breaking monopolies, and diversification through equity investment and credit lending to existing black (and women/youth-owned) companies in growth mode, with a proven track record. 2) Introduce new players and grow existing, including new technologies, in industrial sectors. Two Pillars Informing Investment criteria: <ul style="list-style-type: none"> ▪ Financial returns + Social returns (ESG as per GEP reconfiguration). 3) Support for multitier SEZs - targeted sectors and depressed regions. 4) Leveraging of the SMME Fund to provide the minimum threshold investment of R5 million. 5) Leverage existing and new industrial hubs for black industrial enterprises (through collaboration with GGDA). 6) Support the sustainability of black industrial enterprises through mentoring and intensive post-investment support. 7) Implement a referral system, e.g. GEP funding up to policy threshold of R5 million, and refer to next tier DFI for higher funding level.
Contribution to the Intended Impact	Reducing the barriers to entry for black enterprises to compete successfully in monopolised and priority sectors with high employment potential.

9.3.5. OUTCOME 5: WELL-GOVERNED AND HIGH-PERFORMING ORGANISATION

The outcome aligns with the following Interventions of MTSF Priority 1: A capable, ethical and developmental State:

- 1) Improved governance and accountability:
 - a) Strengthen the governance system of state-owned entities.
- 2) Functional, efficient and integrated government:
 - a) Enhance productivity and functionality of public sector institutions in supporting people-centred service delivery;
 - b) Improve financial management capability in the public sector;
 - c) Measures taken to reduce wasteful and fruitless expenditure, and irregular expenditure in the public sector.
- 3) Professional, meritocratic and ethical public administration:
 - a) Programme for building a professional public administration.
- 4) Mainstreaming of gender, youth and disability, empowerment and development institutionalised:
 - a) Implementation of Gender, Youth and Disability responsive planning, budgeting, interventions, policies and legislations.

The outcome contributes to the following GGT 2030 priorities:

- 1) Modernise the State and government:
 - a) Building efficient and smart systems, processes and points of access that provide seamlessly integrated services across the Province – government functioning as 'one'.
- 2) Improved governance and intergovernmental and engagement with citizens.
- 3) A coherent and committed effort to reduce the incidents of corruption in the public sector by 50% by 2024.
- 4) Elimination of qualified audits: Provincial (24.4% to 15%) by 2024.
- 5) Honest and capable State with professional and meritocratic public servants:
 - a) Building ethical governance and eliminating corruption.
- 6) Sound financial management:
 - a) Improve audit outcomes for GPG institutions;
 - b) Strengthen the capacity of GPG to collect and increase own revenue.
- 7) Honest and capable State with professional and meritocratic public servants.
- 8) Building active communities and partnerships as a basis for good governance.

GEP's planned performance over the five-year period is as follows:

Outcome 5: Well-governed and high-performing organisation	
Planned Performance	Description
Five-year targets of outcome Indicators	<p>5.1. Attainment of a clean audit outcome in 2021/22 and maintenance thereafter.</p> <p>5.2. 10% increase on mid-term stakeholder satisfaction survey rating</p>
Reasons for selection of Indicators	<p>Attainment of a clean audit outcome is a top priority of government, and vital for the reputation of the GEP in terms of the new mandate as the hub of entrepreneurship and small enterprise development in Gauteng.</p> <p>A key measure is the level of stakeholder satisfaction, which underpins the reputation of GEP and thus the extent to which GEP is an attractive investment partner.</p> <p>The indicators are critical enablers of investment attraction and partnerships, and supports GEP becoming a high-performing entity.</p>
Priorities related to Women, Youth and PwDs	Achievement of employment equity targets for the organisation.
Enablers to assist with achieving the five-year targets <i>(Informing APP Outputs)</i>	<ol style="list-style-type: none"> 1) Reconfiguration, remodelling and recapitalisation process finalised; 2) Improved internal control environment, risk management and financial management; 3) Ethics and integrity management; 4) Business integration and optimisation and ICT support; 5) Sound and up to date policies and procedures; 6) Effective legal and contract management; 7) Human capital management and development; 8) Employee relations and wellness; 9) Sound labour relations; 10) Performance management and development; 11) Monitoring and evaluation framework established and functional; 12) Brand equity and awareness, reputation management. 13) Biennial stakeholder satisfaction surveys conducted.
Contribution to the Intended impact	Foundation and enabler of GEP's mandate.

10. KEY RISKS

The table below reflects the key strategic risks identified by the company as at September 2019, and aligned to this Strategic Plan for 2021-2025, including risk mitigation measures.

Outcome	Key Risk	Risk Mitigation/Opportunities
1. Resources mobilised for entrepreneurial development and Industrial sector growth	<ul style="list-style-type: none"> Negative association risks with mobilised partners. Reputational risk impact on GEP's brand for attraction of potential partners. Limited human resource and legal capacity for resource mobilisation and management. 	<ul style="list-style-type: none"> Vetting of and risk assessment of potential partners. Clean audit opinion, brand survey, governance assessment, stakeholder management interventions. Skills audit, recruitment of the panel of service (asset/fund managers).
2. Township enterprises and enterprises owned by target groups accessing markets <i>(Black, women, youth, PwD)</i>	<ul style="list-style-type: none"> Change of government policy of empowerment Inability to maximise on procurement opportunities and policy. 	<ul style="list-style-type: none"> Identification and securing of off-take agreements with other government agencies and private sector.
3. Sustainable small enterprises that are creating jobs	<ul style="list-style-type: none"> Limited capital for business finance (financial, non-financial, Industrial support). Investing in or funding of businesses in poorly performing economic sectors. Non-investment in new economic sectors. Non-application of the ESG (Environment, Social Inclusivity and Governance) Model in business finance (financial, non-financial, industrial support). Poorly defined and implementation of the pre-investment and post-investment strategy. Non-application of GEM model for formalisation and sustainability of businesses. 	<ul style="list-style-type: none"> Shareholder recapitalisation of GEP and capital risk-sharing with partners for funding of (financial, non-financial, industrial support). Enhanced due diligence supported by industry research to inform economic outlook and performance. Investment into business expansions of performing and existing business (receipt of dividends). Funding of feasibility studies for new economic sectors with a view of bringing in new players Development and implementation of the ESG matrix; as part of enhanced due diligence, including sourcing of ESG. Benchmark, develop and implement the enhanced pre-investment and post-investment strategy (panel of mentors).

Outcome	Key Risk	Risk Mitigation/Opportunities
	<ul style="list-style-type: none"> Limited due diligence and definition of business processes. 	<ul style="list-style-type: none"> Development and Implementation of a non-financial support strategy aligned to GEM. Automation of the enhanced due diligence business processes, re-skilling and recruitment of suitable investment managers(financial, non-financial, industrial support).
4. Black-owned Industrial enterprises participating sustainably in high growth sectors	<ul style="list-style-type: none"> Non-identification of the monopolies and lack of penetration strategy. 	<ul style="list-style-type: none"> Targeted black empowerment industrial financing through capital risk sharing aligned to ESG Model (emphasis on financial and social returns to GEP). Research and identify high financial and social return, labour intensive industrial monopolies for equity investment.
5. Well-governed and high-performing organisation.	<ul style="list-style-type: none"> Poor organisational and employee productivity. Poor governance (Internal controls, compliance, risk management and governance). 	<ul style="list-style-type: none"> Defined employee and organisational performance targets for contracting purposes, defined remuneration philosophy (short and long-term incentives), embedding and practice of GEP values for improved organisational culture.

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

11. PUBLIC ENTITIES

The Gauteng Enterprise Propeller does not have any Public Entities.

PART D: TECHNICAL INDICATOR DESCRIPTIONS

Outcome 1 - Resources mobilised for entrepreneurial development and industrial sector growth

Indicator title	1.1 Rand value of resources mobilised for entrepreneurial development and industrial sector growth.
Definition	<p>The indicator measures the total of all resources mobilised through partnerships with the private sector and public sector, including other DFIs, to support the development and sustainability of small enterprises and industrial enterprises.</p> <p>It comprises the total of funding provided directly to the enterprise, funding provided to GEP and/or the calculated equivalent non-financial support provided to the enterprise through the partnership.</p>
Source of data	<ul style="list-style-type: none"> Resource mobilisation reports. GEP financial statements. Partnership agreements.
Method of Calculation / Assessment	Cumulative sum of the rand value of funding provided directly to the enterprise + funding provided to GEP + the calculated equivalent non-financial (in kind) support provided to the enterprise through partnerships.
Assumptions	<p>Existence of GEP partnerships with potential funders/partners.</p> <p>SMME Partnership Fund established and available for leveraging.</p>
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	All Gauteng City Region corridors.
Reporting Cycle	Annual progress against the five-year target.
Desired Performance	<p><u>Higher than target performance is desired.</u></p> <p>R500 million</p>
Indicator Responsibility	Strategic Partnerships and Resources Mobilisation

Outcome 2 - Township enterprises and enterprises owned by target groups accessing markets (black, women, youth, PwD and MV)

Indicator title	2.1. Percentage of the rand value of public sector procurement in Gauteng accessed by small enterprises.
Definition	The indicator measures the percentage rand value of public sector procurement contracts awarded to small enterprises within the province.
Source of data	GEP Strategic Partnership reports. Provincial Procurement database. Small Enterprises Index.
Method of Calculation / Assessment	Rand value of GPG procurement awarded to small enterprises as a percentage of total GPG procurement.
Assumptions	GEP collaboration with government departments and conclusion of off-take agreements. Buy-In and provincial collaboration and support.
Disaggregation of Beneficiaries (where applicable)	Procurement set-aside targets over the five-year period: <ul style="list-style-type: none"> ▪ Women-owned: From 30% to 40%. ▪ Youth-owned: From 25% to 35%. ▪ PWDs: From 2% to 5%.
Spatial Transformation (where applicable)	All Gauteng City Region corridors.
Reporting Cycle	Annual progress against the five-year target.
Desired Performance	<u>Higher than target performance is desired:</u> <ul style="list-style-type: none"> ▪ 30%
Indicator Responsibility	Strategic Partnerships and Resources Mobilisation

Outcome 3 - Sustainable small enterprises that are creating jobs

Indicator title	3.1 Rand value of Loan Book.
Definition	Rand value of the total loans that GEP has disbursed to clients.
Source of data	Audited financial statements.
Method of Calculation / Assessment	Rand value of loans outstanding as at the end of the reporting period, as reflected in the GEP statement of financial position
Assumptions	GEP repositioned and recapitalised.
Disaggregation of Beneficiaries (where applicable)	Not applicable

Spatial Transformation (where applicable)	n/a
Reporting Cycle	Annual progress against the five-year target.
Desired Performance	<u>Higher than target performance is desired:</u> R500 million
Indicator Responsibility	Chief Operations Officer

Outcome 3 - Sustainable small enterprises that are creating jobs

Indicator title	3.2 Survival rate of financially supported small enterprises.
Definition	Measures the percentage of small enterprise's supported that are operational two years after receiving financial support from GEP and the loan that they have with GEP is performing (not in default)
Source of data	Operations reports on (financially) supported small enterprises. Reports on performing and non-performing loans. Financial statements of small enterprises SMME tracking tool
Method of Calculation / Assessment	Number of small enterprises provided with financial support during the financial year two years ago that are operational and have not defaulted on loan payments in the last 3 months, divided by, the total number of small enterprise's provided with financial support during the financial year two years ago, expressed as a percentage
Assumptions	<ul style="list-style-type: none"> ▪ A SMME tracking tool has been established ▪ For non-contract financing loans ▪ If a loan is performing, the assumption is that the small enterprise's business is operational, i.e. generating sufficient revenue to cover costs, including loan repayments ▪ Resources in place to support post-investment non-financial support and mentoring
Disaggregation of Beneficiaries (where applicable)	Financial support targets over the five-year period: <ul style="list-style-type: none"> ▪ Women-owned: From 30% to 40%. ▪ Youth-owned: From 25% to 35%. ▪ PWDs: From 2% to 5%.
Spatial Transformation (where applicable)	All Gauteng City Region corridors.
Reporting Cycle	Annual progress against the five-year target.
Desired Performance	<u>Higher than target performance is desired:</u>

	<ul style="list-style-type: none"> 50%
Indicator Responsibility	Chief Operations Officer

Outcome 3 - Sustainable small enterprises that are creating jobs

Indicator title	3.3 Number of sustainable jobs created by supported enterprises.
Definition	The indicator measures the number of jobs created and sustained by small enterprises and emerging industrial enterprises receiving financial and non-financial support from GEP, including through the referral system.
Source of data	Impact assessment report (mid-term and end-term) <u>For more regular monitoring:</u> Small enterprise index (tracker), with supporting data
Method of Calculation / Assessment	Simple count of the cumulative total number of sustainable jobs created by supported small enterprises.
Assumptions	Small enterprise index to track sustainability and job creation. Resources available to conduct mid-term and end-term impact assessment
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	All Gauteng City Region Corridors
Reporting Cycle	<ul style="list-style-type: none"> Annual progress against the five-year target once small enterprise index has been established. Mid-term and End-term impact assessments.
Desired Performance	<u>Higher than target performance is desired:</u> <ul style="list-style-type: none"> 30 000 sustainable jobs created by supported small and emerging industrial enterprises
Indicator Responsibility	Chief Operations Officer

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

Indicator title	4.1. Number of emerging black industrial enterprises supported to be sustainable participants in high growth sectors.
Definition	The indicator measures the number of emerging black industrial enterprises supported financially supported with a minimum investment from GEP of R5 million, and with post-investment support and referrals.

	Focus to be on high-impact projects in sectors with a high job creation potential – GGT2030: 10x high growth sectors of the Gauteng economy.
Source of data	Industrial financing reports.
Method of Calculation / Assessment	Simple count of the number of emerging black-owned industrial enterprises supported with a minimum investment of R5 million, after which the referral system is activated.
Assumptions	<ul style="list-style-type: none"> ▪ Established strategic partnerships. ▪ SMME partnership fund established. ▪ GEP repositioned and recapitalised.
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	All Gauteng City Region corridors.
Reporting Cycle	Annual progress against the five-year target.
Desired Performance	<u>Higher than target performance is desired:</u> <ul style="list-style-type: none"> ▪ 50 (dependent on finalisation of GEP repositioning and recapitalisation and availability of SMME Fund).
Indicator Responsibility	Investment Management

Outcome 5 - Well-governed and high-performing organisation

Indicator title	5.1 External Audit Outcome.
Definition	Sound governance and internal controls evidenced by the audit outcome on financial and non-financial performance information.
Source of data	AG (external) Audit Report and Management Letter (final).
Method of Calculation / Assessment	Verification of external audit opinion.
Assumptions	Mechanisms for maintenance of internal controls.
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Reporting Cycle	Annual progress against the five-year target.

Desired Performance	Clean audit outcome attained from the AG in the 2020/21 financial year, and maintained annually thereafter.
Indicator Responsibility	Chief Executive Officer

Outcome 5 - Well-governed and high-performing organisation

Indicator title	5.2 Percentage Increase in stakeholder satisfaction rating
Definition	<p>The indicator measures the percentage increase in the GEP stakeholder satisfaction rating. The survey will be conducted in years 1, 3 and 5 of the planning period.</p> <p>The target is for an end of term improvement on the mid-term satisfaction rating attained.</p>
Source of data	Stakeholder satisfaction survey reports.
Method of Calculation / Assessment	Verification of consolidated satisfaction rating reflected in stakeholder satisfaction survey report
Assumptions	Established GEP stakeholder satisfaction measurement tool.
Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial Transformation (where applicable)	Not applicable
Reporting Cycle	Mid-term and End-term surveys conducted
Desired Performance	10% Improvement on mid-term stakeholder satisfaction rating
Indicator Responsibility	Chief Operations Officer

ANNEXURES TO THE STRATEGIC PLAN

ANNEXURE A: DISTRICT DEVELOPMENT MODEL

Not applicable to GEP.

