small business development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

2019/20 ANNUAL PERFORMANCE PLAN

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www.dsbd.gov.za

FOREWORD BY THE MINISTER OF SMALL BUSINESS DEVELOPMENT

I have pleasure in presenting our Annual Performance Plan (APP) for 2019/20, which is a first APP of the Department in the sixth administration. This APP presents a real shift in the delivery model of the Department as it focuses on key thematic areas that we will be focusing on in delivering the business development services as well as creating a conducive business environment for small businesses, cooperatives and informal businesses. I am confident that the key goals and priorities that have been identified by the sixth administration have found expression in this APP. It posits a roadmap through which the Department seeks to respond to the needs of small businesses, informal businesses and co-operatives.

The department is now in its second administration and the establishment issues should be the thing of the past as we focus on creating an environment that will enable small businesses to move from contributing 35% to 50% of the Gross Domestic Product by year 2024. This department is at the core of assisting government to address the triple challenges as identified in the National Development Plan (NDP) which is poverty, unemployment and inequality. The NDP says 90% of the 11 million jobs that must be created by 2030 should come from small businesses and expanding enterprises.

Our support of small enterprises will also be aimed at ensuring that we transform the ownership patterns of the economy from the minority to the inclusive ownership. The main task of the department will be on scaling up support for SMMEs, Cooperatives, township and village enterprises. The focus on providing targeted support to marginalised areas where the majority of South Africans reside is also aimed a correcting the spatial imbalances of the past where services were only limited to those areas where the minority groups were residing. The department will also be introducing product markets in the township and rural areas where small enterprises will trade their products.

The department will execute the commitment made by the President that interventions will be delivered in a balanced manner by targeting all 44 Districts and 8 Metropolitan Cities. The incubation programmes will be spread to all the Districts and digital hubs will be spread to 100 townships over the medium term starting with 4 during this current financial year. Linked to intensification of incubation we will also extend the incubation period from 3 years to 5 years as we want to make sure that enterprises receive pre and post investment support that goes beyond them just reaching a break-even-point but reach profitability level.

One key area that we have identified for total transformation is the introduction of blended finance model for all financial support instruments that the department and its entities have. We are introducing blended funding that matches loans and grants at a particular ratio for small enterprises and cooperatives. During this current financial year we will start with the instruments that are in our possession as a department and those that are sitting with the Small Enterprise Finance Agency **(sefa).** We will also start engaging with the rest of government departments that are offering grants to small enterprises so that we can spread this approach to the rest of the state. This will assist us to minimise red tape and eliminate duplication of efforts thereby ensuring impactful implementation as resources will be leveraged across the public and private sector.

One of the biggest impediments to the growth and sustainability of small businesses and cooperatives is access to markets. Our interventions this year are all aimed at ensuring that SMMEs, cooperatives and informal businesses produce goods and services that will have a market. To be able to do this, technical support will be provided to enable production of quality products efficiently. Beyond implementation of the 30% public procurement policy the private

sector will play a very critical role in opening up market opportunities for the small enterprises and various partnership agreements with the private sector will be concluded in this regard.

As the Executive Authority of the Department, I endorse this 2019/20 Annual Performance Plan and confirm that it is consistent with the priorities of the sixth administration and our National Development Plan, which seeks to ensure that small businesses and co-operatives become the mainstay of our economy.

MS. KHUMBUDZO NTSHAVHENI, MP

MINISTER OF SMALL BUSINESS DEVELOPMENT

DIRECTOR-GENERAL'S FOREWORD

I have a pleasure to present the 2019/20 Annual Performance Plan (APP) of the Department which completes the 2014 to 2019 Medium Term Strategic Framework (MTSF) cycle of government. Departments will be required to submit progress reports in terms of their contribution to the strategic objectives set out in their respective strategic plans (amended) and the programme of action. Whilst ending the 2014-2019 MTSF, we are mindful that challenges facing SMMEs and Cooperatives remain stubbornly the same and in some cases the situation got worse. Equally so, we remain steady and equal to the challenges, which propelled us to rethink and reconsider reviewing programmes as we transition into the 6th Administration to be relevant to the task at hand. Central to our agenda as articulated in part B of the APP are the following actions which we will pursue:

- The development of an SMME index that we will use to provide accurate information and data on the status of small businesses in the country. This will also afford us an opportunity to track growth of SMMEs in their development continuum;

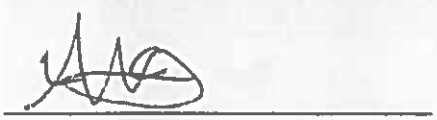
- We will also work towards reviewing the cooperatives registration process with the aim to ensure standardisation and simplification across the three spheres of government;

- Facilitating access to markets is key and in the period under review, we aim to develop four products markets for SMMEs and Cooperatives. By working with partners and industries through partnership accords, we envisage creating markets for SMMEs locally and globally through existing trade agreements;

- Access to financial support is also pivotal and to that end, we will be supporting SMMEs and Cooperatives through blended funding model to ensure their sustainability and reduce failure rate. We will also implement Business Rescue to provide relief for small businesses in distress.

On the legislative front, we plan to have the National Small Business Bill submitted through to State Law Advisors. Parallel, we will also develop a draft position paper on Alternative Dispute Resolution (ARD) that will provide evidence required to explore the establishment of the Ombudsman/mechanism for SMMEs and Cooperatives to lodge their complaints. The scope and mandate of this mechanism will be informed by the outcome of the engagements with the affected parties, including SMMEs and Cooperatives.

Before I put my pen down, I would like to thank the Minister and Deputy Minister for their guidance in the process of developing this APP. My sincere appreciation is also extended to the Management and all DSBD staffers.



MR LINDOKUHLE MKHUMANE

ACTING DIRECTOR- GENERAL: DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

1. Was developed by the management of the Department of Small Business Development, under the guidance of the Honourable Minister of Small Business Development, Ms. K. Ntshavheni;
2. Was prepared in line with the revised Strategic Plan (2015–2019) of the Department of Small Business;
3. Accurately reflects the performance targets which Department of Small Business Development will endeavour to achieve given the resources made available in the budget for the 2019/20 financial year.

RECOMMENDED BY:

P.p T. Hlabioa — 01/07/2019

Ms.T Hlabioa — **Date**

OFFICIAL RESPONSIBLE FOR PLANNING

01/07/2019

Ms. SM Oosterwyk — **Date**

CHIEF FINANCIAL OFFICER

01/07/2019

Mr. L. Mkhumane — **Date**

ACCOUNTING OFFICER

APPROVED BY:

01/07/2019

Ms. K. Ntshavheni, MP — **Date**

MINISTER: SMALL BUSINESS DEVELOPMEN

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ACRONYMS AND ABBREVIATIONS

AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
BBBEE	Broad-Based Black Economic Empowerment
BBSDP	Black Business Supplier Development Programme
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIS	Co-operatives Incentive Scheme
CoE	Compensation of Employees
DDG	Deputy Director-General
DG	Director-General
DPME	Department of Planning Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DSBD	Department of Small Business Development
EIP	Enterprise Incubation Programme
Exco	Executive Committee
GCIS	Government Communications and Information System
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
HR	Human Resources
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IGR	Inter-Governmental Relations
IMEDP	Informal and Micro Enterprise Development Programme
IMF	International Monetary Fund
IR	International Relations
LED	Local Economic Development
MINMEC	Ministers and Members of Executive Council
MPAT	Management Performance Assessment Tool
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan, Vision 2030
NIBUS	National Informal Business Upliftment Strategy
NPC	National Planning Commission
NT	National Treasury
PWD	People With Disabilities

PFMA	Public Finance Management Act
R&D	Research and Development
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SEIF	Shared Economic Infrastructure Facility
SETA	Sector Education and Training Authority
SITA	State Information Technology Agency
SMMEs	Small, Medium and Micro Enterprises
SMS	Senior Management Services
SOE	State Owned Enterprises
SONA	State of the Nation Address
StatsSA	Statistics South Africa
the dti	The Department of Trade and Industry
WEO	World Economic Outlook

PART A: STRATEGIC OVERVIEW

The National Development Plan, Vision 2030 (2012) (NDP) ascribes a critical role to small, medium and micro enterprises (SMMEs) (including co-operatives) in contributing to the growth of the South African economy, and towards eliminating inequality and reducing poverty. It views SMMEs and co-operatives as economic empowerment vehicles for the historically disadvantaged individuals, but recognises that the small business sector has previously been neglected during much of the period following the discovery of diamonds and gold, and the establishment of a modern, capitalist economy with almost exclusive white control.

In recognising that SMME and co-operative enterprise development and promotion represents an important economic intervention for sustainable economic growth, job creation and innovation; so as to unlock the growth potential in South Africa and to address poverty and inequality; the NDP sets specific goals for the small business sector broadly (government, civil society and private sector together), specifically:

1) To enhance economic growth through SMMEs as assessed through an increased contribution by the sector to gross domestic product (GDP);

2) To create 90% of South Africa's 11 million needed jobs by 2030 through the SMME sector, and so contribute to reducing the unemployment rate to 6%; and

3) To reduce the cost of regulatory compliance and promote ease of doing business for SMMEs; and ensure policy coherence through partnerships among key societal players, business and government.

It is recognised that in South Africa, the majority of small businesses are concentrated at the lower end of the enterprise development spectrum and face a number of challenges, including;

1) Lack of access to finance and poor profitability, which account for the main reasons for business discontinuance;

2) Inadequate collateral on the part of the entrepreneur, a lack of credit history, the inability to produce an acceptable business plan according to financial institutions, poor market research and the absence of a viable business idea;

3) Lack of access to vibrant markets, which become one of the fundamental requirements to accessing funding and mentorship at early stages. Notably, small businesses located in rural areas are at a disadvantage compared to their urban counterparts;

4) Restrictive labour laws, which are identified as a significant regulatory obstacle to business growth, particularly when it comes to hiring and firing staff;

5) Inadequate access to ICT and communication infrastructure, utilities and transport, land or space at affordable prices, which is instrumental to supporting new businesses;

6) Inadequate support for building Research and Development (R&D) capacity among SMMEs, which could help in transforming ideas into sustainable businesses; and

7) Lower levels of entrepreneurship and low skills level in enterprise; financial and business management by SMMEs and co-operatives.

In response to these challenges the Small Business Development Portfolio (DSBD, SEDA and SEFA) was developed during the 2017/18 planning cycle, which articulates the contribution of the DSBD within the context of the Portfolio Strategic Framework.

In drafting this APP the SBD Portfolio was considered taking into cognisance the new priorities of the 6th Administration which defines Department's significant driver in respect of priority number one (1) of current administration. The key projects and high activities to be implemented in the period under review: linked to the priority one (1) are outlined hereunder

Priority 1: Transforming the Economy to Serve the People

- **Grow small business contribution to GDP from 35% to 50 % by 2024**. To achieve this targets, the Department plans are to expand support to SMMEs through the provision of blended finance instruments , the establishment of the Incubation centres and Digital Hubs just to mention but a few;

- **Percentage share on government spend increased for local firms**; the department will monitor the implementation of government policy on the 30% set-aside for small businesses and work towards developing a monitoring tool and trends analysis to track performance and adherence. Monitoring of the 30 days payments is also high on the radar and in the period under review, the department together with the Small Enterprise Development Agency (Seda) will revive the platform. Based on the outcomes from the trends analysis reports measures to ensure compliance and enforcement will be explored through the issuing of applicable Regulation/s under the National Small Business Act (No. 102 of 1996) as amended.

- **20% increase in small businesses in historically concentrated economic sectors**; the department will work key department such the Department of Trade Industry (**thedti**) and the Competition Commission to open up entry for SMMEs in historically concentrated economic sectors. Consultative engagements with Sector specific Captains of Industries and Business Association will be undertaken to assess the effect and impact of legislation inhibiting the growth and sustainability of SMMEs key priority sectors such as agro-processing, gas and chemicals, tourism, automotive, steel, ICT & software and well as creative industries, etc.

- **Improve ranking in Global Competitiveness Index position**; in the period under review the department will work with statistics South Africa (STATS SA) to develop the variables and dimensions to be included in the National SMMEs index. Reduction of regulatory burdens is key sub -segment of the Global Competitiveness Index, in this regard, the department will work with key stakeholders at all three spheres of government to improve policy and regulatory environment for SMMEs.

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

MANDATE
To lead and coordinate an integrated approach to the promotion and development of entrepreneurship, small businesses and co-operatives, and ensure an enabling legislative and policy environment to support their growth and sustainability.

VISION
A radically transformed economy through integrated and effective enterprise development and entrepreneurship promotion.

MISSION
The coordination, integration and mobilisation of efforts and resources towards the creation of an enabling environment for the growth and sustainability of small businesses and co-operatives.

The five strategic goals then inform the alignment to the delivery programme structure of the DSBD and the development of strategic objective targets, performance indicators and annual and quarterly performance data.

STRATEGIC GOALS	STRATEGIC OBJECTIVES
1. Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMMEs and co-operatives.	*1.1. Reduced regulatory burdens and a conducive legislative and policy environment for SMMEs and co-operatives.* *1.2. Provide credible information on the status of the Cooperatives, Village and Township economies*
2. Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and co-operatives.	*2.1 Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies* *2.2. Expand access to financial SMMEs through partnerships and innovative service offerings*
3. Sound governance and the optimal utilisation of available resources.	*3.1. Compliance and good governance ensured.* *3.2. Efficient, integrated and streamlined business processes and systems.*
4. An enhanced contribution to socio-economic development outcomes by the sector.	*4.3. Informed and empowered communities and a responsive department.*

STRATEGIC GOALS	STRATEGIC OBJECTIVES
5. A professional and capacitated SBD Sector.	*5.1. Coordinated development of the skills pool across the sector.* *5.2. Strengthened human resource capability and a high performing organisation.*

1. UPDATED SITUATIONAL ANALYSIS

A detailed situational and performance environment analysis was conducted in developing the Small Business Development (SBD) Portfolio Framework and the revised 2015 – 2019 Strategic Plan, to which this Annual Performance Plan is aligned. Discussed below are the salient external and internal environment shifts influencing the Department's performance and 2019/20 performance plan and targets.

1.1. PERFORMANCE DELIVERY ENVIRONMENT

The performance delivery environment of DSBD is impacted upon by Small Businesses and Co-operatives developments factors and trends.

1.1.1 The Global Economic Environment

In its World Economic Outlook (WEO) update of January 2019, the International Monetary Fund (IMF) points to "A weakening global expansion". The forecast for global growth for 2018 remained unchanged at 3.7% despite weaker performance in economies such as Europe and Asia. The global economy is projected to grow at 3.5% and 3.6% in 2019 and 2020, respectively. The growth projections for 2019 and 2020 have been revised downward, by 0.2 and 0.1 percentage point below October 2018 projections, because of the negative effects of tariff increases enacted in the United States and China. The further downward revision in part reflects carry over from softer momentum in the second half of 2018 – including Germany's lower performance following the introduction of new automobile fuel emission standards and in Italy where concerns about sovereign and financial risks have weighed on domestic demand. Additionally, weakening financial market sentiment as well as a contraction in Turkey now projected to be deeper than anticipated.

	Estimates		Projections		Difference from Oct 2018 WEO Projections	
	2017	2018	2019	2020	2019	2020
OVERVIEW OF THE WORLD ECONOMIC OUTLOOK PROJECTIONS (WEO, JAN 2019)						
World Output	3.8	3.7	3.5	3.6	-0.2	-0.1
Advanced Economies	2.4	2.3	2.0	1.7	-0.1	0.0

United States	2.2	2.9	2.5	1.8	0.0	0.0
Euro Area	2.4	1.8	1.6	1.7	-0.3	0.0
Germany	2.5	1.5	1.3	1.6	-0.6	0.0
United Kingdom	1.8	1.4	1.5	1.6	0.0	0.1
Canada	3.0	2.1	1.9	1.9	-0.1	0.1
Developing Economies	**4.7**	**4.6**	**4.5**	**4.9**	**-0.2**	**0.0**
China	6.9	6.6	6.2	6.2	0.0	0.0
India	6.7	7.3	7.5	7.7	0.1	0.0
Brazil	1.1	1.3	2.5	2.2	0.1	-0.1
Russia	1.5	1.7	1.6	1.7	-0.2	-0.1
South Africa	**1.3**	**0.8**	**1.4**	**1.7**	**0.0**	**0.0**

The aggregate growth outlook for emerging and developing economies was revised downward in 2019 before improving in 2020 due to the following:

- Emerging and developing Asia will slide from 6.5% in 2018 to 6.3% in 2019 and 6.4% in 2020 – China's economic growth is expected to slow due to the combined influence of needed financial regulatory tightening and trade wars with the United States, whilst India's economy is expected to pick up in 2019 as a result of lower oil prices and a slower pace of monetary tightening than previously expected.

- Emerging and developing Europe to weaken more than previously anticipated due to a large projected contraction and a slower recovery in Turkey amid policy tightening and adjustment to more restrictive external financing conditions.

- Recovery in Latin America is expected to continue albeit at a slower pace: Mexico's lower growth prospects reflects lower private investment and more severe contraction in Venezuela due to the ongoing dire state of political and economic conditions.

- Growth in the Middle East, North Africa, Afghanistan, and Pakistan region is projected to remain subdued at 2.4%. Weak output growth in Saudi Arabia, tightening financing conditions in Pakistan, US sanctions in Iran and across several economies, geopolitical tensions weigh on the region's growth outlook.

- Growth in sub-Saharan Africa is projected to pick up from 2.9% in 2018 to 3.5% in 2019, and 3.6% in 2020. These projections were revised down – softening oil prices have caused downward revisions for Angola and Nigeria. Growth prospects in South Africa remain subdued attributable to the political uncertainty and its impact on investment and business and consumer confidence.

RISKS TO THE GLOBAL OUTLOOK: Key risk factors to the global economic outlook are the outcome of trade negotiations and the direction that the financial conditions will take in the coming months.

Economic confidence and easier financial conditions are likely to prevail if countries resolve their differences without raising distortive trade barriers further and market sentiment recovers. The geopolitical tensions in the Middle East and East Asia as well as the volatile commodity prices also present downside risk to global growth and investment.

1.1.2 The South African Economic Environment

Statistics South Africa (StatsSA) indicated that the South African economy struggled with episodes of technical recession which started from 2017. The technical recession in the first half of 2018, occurred mainly due to the unexpectedly weak and volatile agricultural sector outcomes. The situation was further exacerbated by the depreciating currency magnified by the contagion from financial crises in Turkey and Argentina, and the underlying fundamental growth dynamics. These dire economic factors forced the South African Reserve Bank to revise the economic growth forecasts downwards. The economy slipped by 2.6% and a further 0.4% in the first and second quarters of 2018 respectively.

Positively, the economy rebounded back into positive territory in the third quarter of 2018 growing by 2.2%, bringing to an end the economy's second recession since 1994. The impetus to this improvement in economic growth were most notable in manufacturing, transport as well a finance and business services. Manufacturing was the biggest driver of positive growth in the third quarter growing by 7, 5%, largely as a result of increased production of basic iron and steel, metal products and machinery; wood and paper; petroleum products; and motor vehicles. The transport, storage and communication industry rebounded by 5, 7% in the third quarter, making it the second largest contributor to overall growth. An increase in freight transportation underpinned the rise in activity.

The finance, real estate and business services industry was another strong contributor of GDP growth, edging up by 2, 3%. It was specifically the activities related to financial intermediation, insurance and real estate which performed better in the third quarter, contributing to the rise. The agriculture industry bounced back from two consecutive quarters of negative growth to record a 6, 5% rise in the third quarter. Strong growth in the production of field crops, horticultural cultivation and animal products contributed to the rebound.

Despite the positive signs on GDP in the third quarter on 2018, forecasts on the economic growth are still not positive. Gross domestic product (GDP) is expected to recover moderately over a forecast period, reaching about 2% by 2020, with the Reserve Bank projecting that the risks are skewed to the downside. The lower forecasts continue to interpret the economy as an economy that is underperforming expectations, even when expectations are revised lower.

A rebound in the economy will require successful implementation of reforms which will improve business and economic confidence, reduce macroeconomic imbalances, mainly unemployment and poverty, and raise investment interest by local and international investors. A strong economic growth will elevate the current fiscus constraints and increase revenue for government to meet its development objectives.

1.1.3 The Global Investor Perception

The sovereign credit risk of South Africa's foreign currency debt were revised upwards but remained at below investment grades, affirming South Africa's long-term foreign and local currency debt ratings and maintaining stable economic and political stable outlook. The ratings affirmation and stable outlook are based on the following factors:

- Low growth potential;
- Sizeable government debt and contingent liabilities;
- Poor governance and financial stability at public institutions and State Owned Companies (SOCs) or state-owned entities (SOEs);
- The risk of social tensions due to extremely high inequality.

The positive/improved ratings are supported by "strong institutions, favourable government debt structure, deep local capital markets and a healthy banking sector".

Despite the slight upward revisions, economic growth remains uncertain and tentative, and the stable outlook is in line with the Reserve Bank's projection that economic growth will rise modestly in the short term. The below-investment-grade revisions have implications such as:

- Higher borrowing costs for the government and state-owned entities (SOEs). This has resulted in additional revenue being directed to debt servicing, thus reducing funds allocated and available to government.
- Lower demand for South African investments (bonds, equities, and foreign direct investments) as perception of risk remains lingering.
- A volatile and vulnerable currency which would result in increased imported goods and services translating into higher rates of inherent inflation.

Therefore, creating economic and political policy certainty and credibility; improving opportunities for investment; small business development; structural economic reforms that deliver improved competitiveness and employment would improve South Africa's economic outlook in the medium to long term.

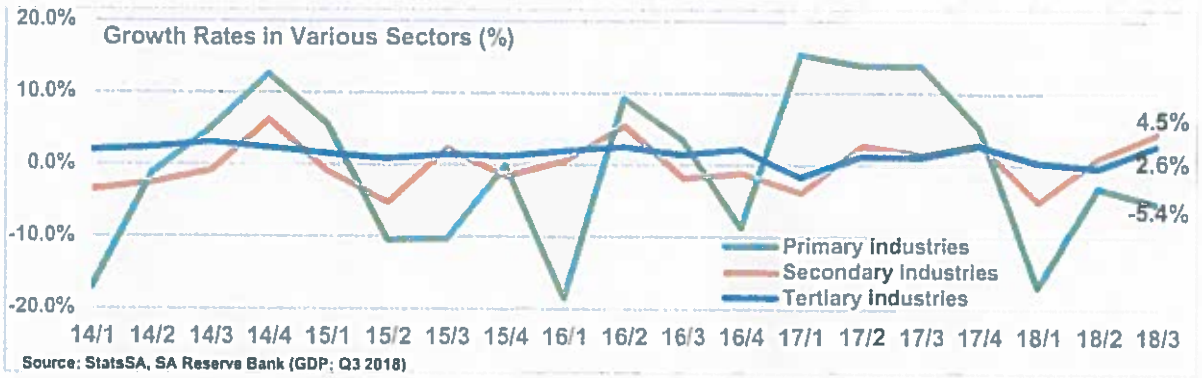
The agenda for structural reforms that are much needed to raise South Africa's long-term economic growth is underpinned by the National Development Plan's priorities:

1. Raising employment through faster economic growth
2. Improving the quality of education, skills development and innovation
3. Building the capacity of the state

1.1.4 The Performance of Sectors and Industries

The latest available data from StatsSA on the Gross Domestic Product (GDP) of Quarter 3 2018, Publication P0441, indicates that the tertiary industries (services sector) have consistently experienced a stable and positive growth. The contraction during the second quarter of 2018 was a result of the declines in the real gross value added by the transport, commerce and general government services sectors. The contraction in the transport was driven by reduced rail and freight transport as well as marked decline in road passenger transport following three-week

nationwide bus strike. The primary and secondary industries are much more susceptible to extraneous factors and thus more volatile.

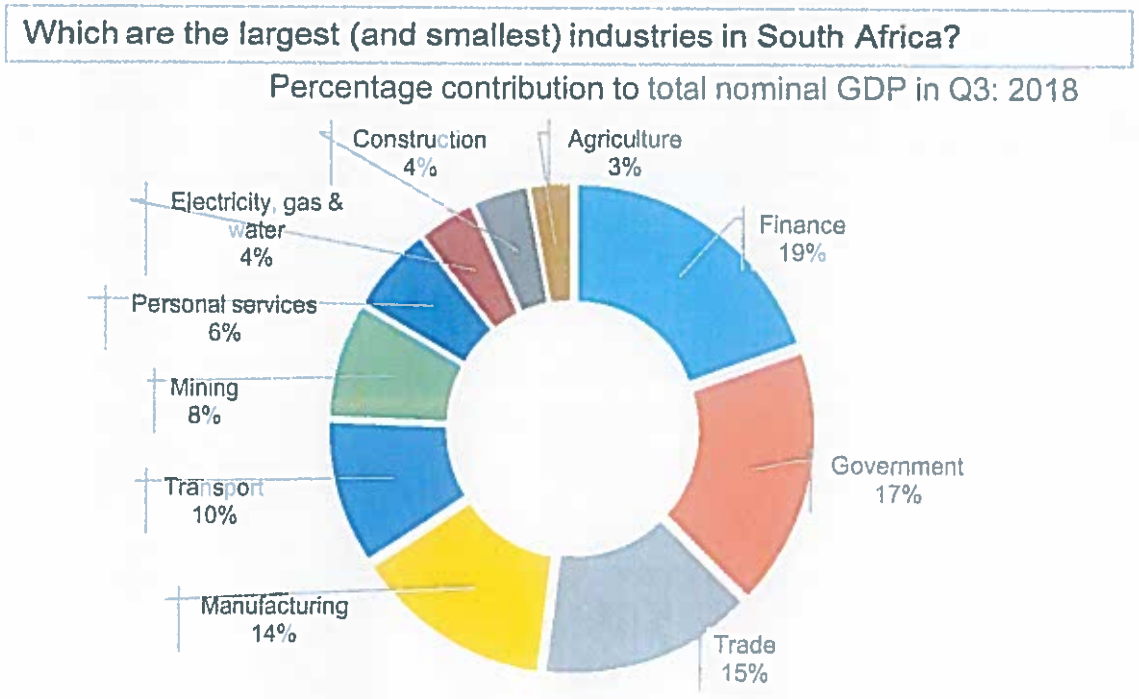


Sector contribution to GDP growth – Third Quarter 2018

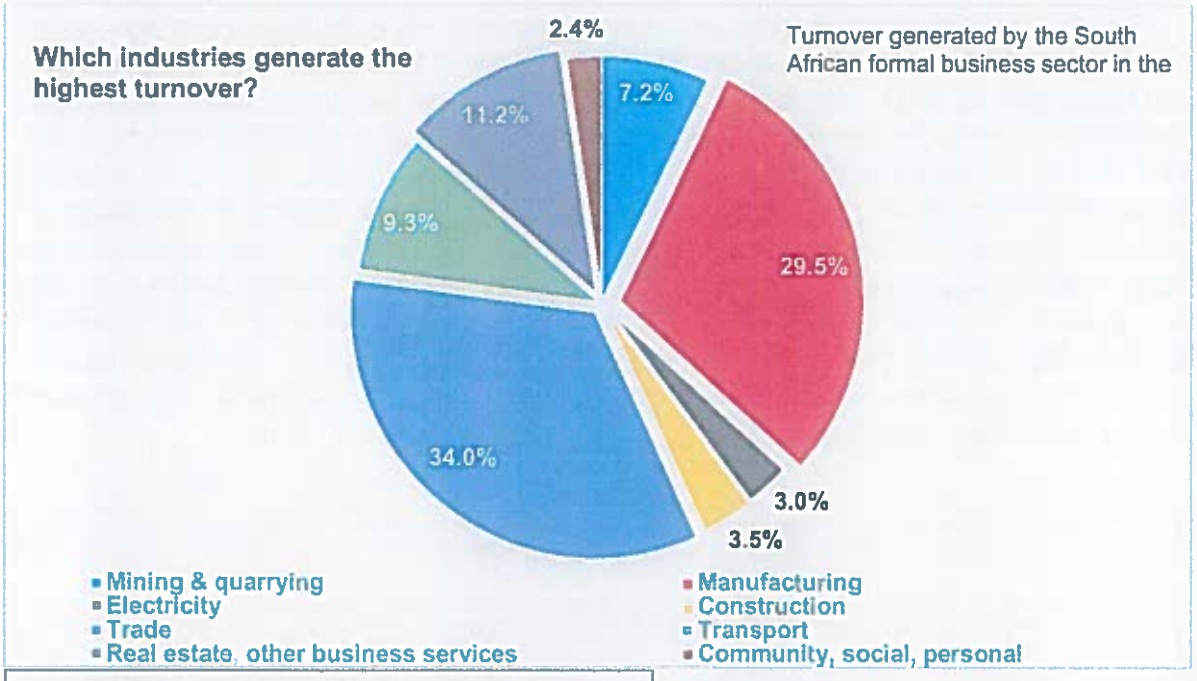
The next figure illustrates the nominal contribution of each sector to the GDP in Q3 2018, overall led by the services sector: finance, government, trade, transport, personal services. Manufacturing accounted for 14%, mining for 8% and agriculture accounted for 3%.

In rand terms, nominal GDP for the third quarter was estimated at R1.27 trillion – R40 billion more than in Q2: 2018.

1. Manufacturing was up by R14 billion to R154 billion;
2. Transport and communication was down R6 billion to R29 billion;
3. Agriculture was down R6 billion to R29 billion, and
4. Electricity, gas and water was down R6 billion to R43 billion.



According to the latest available data on Quarterly Financial Statistics (QFS) from StatsSA, the formal business sector – excluding agriculture and financial intermediation – generated R2.43 trillion in turnover during the third quarter of 2018, representing an increase of 3.5% compared with the second quarter of 2018 (R2.35 trillion) and a 0.2% increase year-on-year compared with R2.43 trillion in the third quarter of 2017.



Source: StatsSA - Quarterly Financial Statistics, September 2018

The trade industry continued to firmly be the largest contributor with the contribution of 34%, followed by manufacturing at 29.5%, real estate and other business services (11.2%), transport and communication at 9.3%, mining and quarrying industry at 7.2%, construction at 3.5%, electricity at 3% and the least contributor being community and social industry at 2.4%.

In summary, the sector trend analysis reflects:

- The primary sector remains volatile to external factors and continued to experience negative growth rates in the three consecutive first quarters of 2018; the secondary sector realised positive growth in the third quarter after a slight recovery and a contraction; and the tertiary sector also realised positive growth in the third quarter after suffering a slowdown and a contraction in the two first quarters of 2018, respectively.

Considering these factors and trends, the question for the Department and the segment that it leads is: in which sectors should the small business development portfolio prioritise and/or reprioritise its SMME and Co-operatives development interventions?

DSBD Performance Considerations

The October 2018 Medium Term Budget Policy Statement highlighted the difficult economic and fiscal choices confronting government over the next several years. The Department, as with all

government departments in general, is working diligently on achieving more with less to ensure that there is no compromise on delivery in its core mandate.

1.2. ORGANISATIONAL ENVIRONMENT

The 2016/2017 Organisational structure and capacity requirements of the Department was found to be inadequate to deliver on the mandate during the revision of the Departmental Strategic Plan for the fiscal years (2016/17 – 2020/21). Towards end of 2017, the department triggered a review process of the organisational structure which was internally approved in November 2018 however placed on hold pending the National Macro Organisation of the State (NMOS). In order to effectively deliver on the new prioritise as state transition into the 6th Administration, the operating model and organisational structure of the Department will require refinement. The latter process is aimed at streamlining process and strengthen support in the delivery of services and in particular closing gaps in critical areas such as Development Finance and Statistical Analysis in parallel. Furthermore focus will be also be at re skilling staff in other important roles such Monitoring and Evaluation amongst others. For financial year 2019/20, the work of the Department is organised according to the following programmes:

This informed the current approved budget structure, through which the Department of Small Business Development is constituted by the following budget programmes:

Programme N°.	Programme Name	Sub-Programmes
Programme 1	Administration	1) Ministry 2) Departmental Management (Office of the DG) 3) Corporate Services 4) Financial Management

Programme Nº.	Programme Name	Sub-Programmes
		5) Communications and Marketing
Programme 2	Sector Policy and Research	1) Research 2) Policy and Legislation (including Inter-Governmental Relations (IGR) and Coordination) 3) International Relations and Trade Promotion 4) Monitoring and Evaluation
Programme 3	Integrated Co-operatives Development	1) Co-operatives Development 2) Co-operatives Programme Design and Support 3) Supplier Development and Market Access Support
Programme 4	Enterprise Development and Entrepreneurship	1) Enterprise and Supplier Development 2) SMME Programme Design and Support 3) SMME Competitiveness 4) Entrepreneurship

2. REVISIONS TO LEGISLATIVE AND OTHER MANDATES

The Department is in the process of amending of the National Small Business Act (No. 102 of 1996) and anticipate submitting a bill to the Executive Authority during the course of 2019 / 20 financial year. To date amendments to Schedule 1 of the National Small Enterprises Act has been gazetted.

2.1. PLANNED POLICY INITIATIVES

1) The DSBD is reviewing the Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises, in order for the strategy to remain relevant and to accommodate recent economic activities and business cycles.

2) The DSBD will evaluate the Co-operatives Strategy (2012-2022) and improve on the implementation plan and will inform the development of an integrated approach to co-operatives development.

3. OVERVIEW OF 2019/20 BUDGET AND MTEF ESTIMATES

3.1. EXPENDITURE ESTIMATES

3.1.1. Summary of Actual and Budgeted Payments

Programme	AUDITED OUTCOME 2017/18 R'000	MAIN APPROPRIATION 2018/19 R'000	MTEF 2019/20 R'000	MTEF 2020/21 R'000	MTEF 2021/22 R'000	TOTAL OVER MTEF R'000
Administration	116,999	127,121	124,388	131,496	139,630	395,514
Sector Policy and Research	16,748	22,447	35,615	39,416	42,310	117,341
Integrated Co-operatives Development	99,204	115,017	127,628	135,080	142,269	404,977
Enterprise Development and Entrepreneurship	1,226,533	1,223,868	2,280 921	2,407 271	2,539 124	7,227,316
TOTAL	1,459,484	1,488,453	2,568,552	2,713,263	2,863,333	8,145,148

3.1.2. Summary of Actual and Budgeted Payments by Economic Classification

Economic classification	AUDITED OUTCOME 2017/18 R'000	MAIN APPROPRIATION 2018/19 R'000	MTEF 2019/20 R'000	MTEF 2020/21 R'000	MTEF 2021/22 R'000	TOTAL R'000
Compensation of employees	129,006	140,632	151,808	163,297	173,911	489,016
Goods and services	78,100	81,752	86,123	90,913	95,949	272,985
Payment for capital assets	6,458	4,002	4,274	4,362	4,567	13,203
Transfers & subsidies	1,245,919	1,262,067	2,326,347	2,454,691	2,588,906	7,369,944
TOTAL	1,459,484	1,488,453	2,568,552	2.713,263	2,863,333	8,145,148

3.2. RELATING EXPENDITURE TRENDS TO STRATEGIC OUTCOME ORIENTED GOALS

The Department of Small Business Development has been allocated R8.2 billion over the MTEF, apportioned as follows:

Transfers and subsidies consume 90.5% (R7.4 billion) whilst operations are provided 9.5% (R775.2 million) of the allocated resources. The R7.4 billion of transfers and subsidies provide for the Small Business and Innovation fund (R3.2 billion), Seda (R2.6 billion), Black Business Supplier Development Programme (R906.4 million), Co-operative Incentive Scheme (R278.7 million), National Informal Business Upliftment Scheme (R248.4 million), Enterprise Incubation Programme (R186.5 million) and The Craft Sector Programme (R33.5 million). The Department's R775.2 million **operational budget** provides for:

- Compensation of Employees (CoE) at 6% (R489 million)
- Goods and Services at 3.3% (R273.3 million), and
- Capital Expenditure at 0.2% (R12.9 million).

The sharp increase in our baseline is attributed to the R3.2 billion Small Business and Innovation Fund, as announced by the President and the Minister of Finance in February 2018. This Fund will build on best practices; and, will largely be directed at innovative start-ups with a reasonable prospect of success. The Department is finalising the implementation modalities with National Treasury and the Department of Science and Technology; and working towards announcing the operationalisation of the Fund with the first disbursements anticipated in 2019/20.

PART B: PROGRAMME PLANS

In this section of the Annual Performance Plan, and in line with the budget programme defined in Section 1.2 above, each of the strategic goals are unpacked into aligned strategic objectives (higher order outputs) and further discussed in terms of the performance indicators, baselines and annual targets with corresponding quarterly targets for the 2019/20 financial year and MTEF.

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

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

4. PROGRAMME 1: ADMINISTRATION

4.1. PROGRAMME 1: PURPOSE AND FOCUS

The Programme is responsible for the provision of strategic leadership, management and support services to the Minister, Deputy Minister, Acting Director General and the Department. This is to ensure the successful implementation of the Department's mandate through sustainable and integrated support services that are customer driven.

The Administration Programme covers the work of the following sub-programmes:

1) **Ministry** – to provide for administrative and logistical support to the Minister and Deputy Minister, as well as support staff and make provision for their salaries;

2) **Departmental Management (Office of the DG)** – to provide policy and strategic direction for the Department, including enterprise-wide support services comprising of administrative support to the Director General, corporate planning, monitoring and evaluation, governance and risk management;

3) **Corporate Services** – to provide enterprise-wide support services comprising of human resources, legal services, learning and development and transformation policy and coordination;

4) **Financial Management** – to ensure the efficient management of daily financial supply chain and asset operations, processes and systems; and

5) **Communications and Marketing** – to provide communications, marketing and stakeholder management support to the Department.

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

4.2. PROGRAMME 1: STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2019/20

LINK TO STRATEGIC GOAL	STRATEGIC OBJECTIVE	STRATEGIC OBJECTIVE STATEMENT	STRATEGIC PLAN OBJECTIVE TARGET (Target to 2020)	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
				2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)	2021/22
3. Sound governance and the optimal utilisation of available resources.	3.1: Compliance and good governance ensured.	DSBD External Audit outcome for previous financial year, for both financial and non-financial performance data.	Unqualified external audit opinion for both financial and non-financial performance data maintained.	Unqualified audit outcome for 2014/15.	Unqualified audit outcome for both financial and non-financial performance data for 2015/16.	Annual Target achieved: DSBD received an unqualified audit opinion by the Auditor General South Africa (AGSA) for the 2016/17 financial year, with only 1 correction to the prior year.	Unqualified audit outcome for both financial and non-financial performance data for 2017/18.	Unqualified audit outcome for both financial and non-financial performance data for 2018/19.	Unqualified audit outcome for both financial and non-financial performance data for 2019/20.	Unqualified audit outcome for both financial and non-financial performance data for 2020/21.
	3.2: Efficient, integrated and streamlined business processes and systems.	Implement sound and automated business solutions and systems for the Department.	5 ICT system projects defined in the DSBD ICT Plan implemented by 2019/20.	-	Revised DSBD ICT Plan approved by Exco.	Annual Target partially achieved: the Department managed to approve systems specifications and define roadmap.	2 ICT system projects defined in the DSBD ICT Plan implemented.	2 ICT system projects defined in the DSBD ICT Plan implemented.	2 ICT system projects defined in the New DSBD ICT Plan implemented.	2 ICT system projects defined in the New DSBD ICT Plan implemented.
4. An enhanced contribution to socio-economic development outcomes by the sector.	4.3: Informed and empowered communities and a responsive department.	A strategically aligned Communications and Stakeholder Relations Programme for the MTSF and assessment of progress in achieving the outcomes of the Programme.	Annual assessment of progress against the Communications and Stakeholder Relations Programme, tabled to Executive Committee (Exco) in Q4.	-	-	Annual target not achieved: Annual Communications Plan was developed and reported on quarterly in the Branch report.	Annual assessment of progress against the Communications and Stakeholder Relations Programme, tabled to Exco in Q4 2018/19.	Annual assessment of progress against the Communications and Stakeholder Relations Programme, tabled to Exco in Q4.	5-year strategically aligned Communications and Stakeholder Relations Programme approved.	5-year strategically aligned Communications and Stakeholder Relations Programme approved.

LINK TO STRATEGIC GOAL	STRATEGIC OBJECTIVE	STRATEGIC OBJECTIVE STATEMENT	STRATEGIC PLAN OBJECTIVE TARGET (Target to 2020)	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
				2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)	2021/22
			End of term assessment report on progress against the outcomes of the Programme produced in Q4.							
5. A professional and capacitated SBD Sector.	5.2: Strengthened human resource capability and a high performing organisation.	Improvement in the annual consolidated organisational performance.	Annual (2018/19) HR Plan Implementation Report submitted to DPSA by 31 May 2019.	-	-	-	70% achievement of 2017/18 non-financial performance.	Annual (2018/19) HR Plan Implementation Report submitted to DPSA by 31 May 2019.	Annual (2019/20) HR Plan Implementation Report submitted to DPSA by 31 May 2019. Medium term HR Plan developed and submitted to DPSA by 30 June 2020.	Annual (2020/21) HR Plan Implementation Report submitted to DPSA by 31 May 2019.

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

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)	2021/22
3. Sound governance and the optimal utilisation of available resources								
3.1: Compliance and good governance ensured.	Unqualified external audit opinion for both financial and non-financial performance data maintained.	New indicator.	Unqualified audit outcome for both financial and non-financial performance data for 2015/16.	Annual Target achieved: DSBD received an unqualified audit opinion by AGSA for the 2016/17 financial year, with only 1 correction to the prior year.	Unqualified audit outcome for both financial and non-financial performance data for 2017/18.	Unqualified audit outcome for both financial and non-financial performance data for 2018/19.	Unqualified audit outcome for both financial and non-financial performance data for 2019/20.	Unqualified audit outcome for both financial and non-financial performance data for 2020/21.
	Percentage over or under-expenditure on annual budget.	<5% variance on annual budget.	<5% variance on annual budget.	Annual Target Achieved: DSBD spent R1.4 billion of the projected R1.4 billion, resulting in a variance of R16.3 million (1.1%).	<5% variance on annual budget.	<5% variance on annual budget.	<5% variance on annual budget.	<5% variance on annual budget.
	Percentage of payments to eligible creditors processed within 30 days.	100% payments to eligible creditors processed within 30 days.	100% payments to eligible creditors processed within 30 days.	Annual Target Achieved: From 01 April to 31 March 2018 the Department has received and processed 10135 invoices valued at R85. 732.591.67 within 30 days.	100% payments to eligible creditors processed within 30 days.	100% payments to eligible creditors processed within 30 days.	100% payments to eligible creditors processed within 30 days.	100% payments to eligible creditors processed within 30 days.
3.2: Efficient, integrated and streamlined business processes and systems.	Number of ICT system projects defined in the DSBD ICT Plan implemented.	-	Revised DSBD ICT Plan approved by Exco.	Annual Target partially achieve: the Department managed to approve systems specifications and define roadmap.	2 ICT system projects defined in the DSBD ICT Plan implemented.	2 ICT system projects defined in the DSBD ICT Plan implemented.	2 ICT system projects defined in the New DSBD ICT Plan implemented.	2 ICT system projects defined in the New DSBD ICT Plan implemented.
4. An enhanced contribution to socio-economic development outcomes by the sector								
4.3: Informed and empowered communities	Number of awareness	-	-	Annual target achieved: the Department	25 facilitated interactions that deliver meaningful	30 awareness campaigns with	40 awareness campaigns with	50 awareness campaigns with

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)	2021/22
and a responsive department.	campaigns with communities and stakeholders conducted.			facilitated 55 engagements with the communities and the public	engagements with communities and the public.	communities and stakeholders conducted.	communities and stakeholders conducted.	communities and stakeholders conducted.
5. A professional and capacitated SBD Sector								
5.2 Strengthened human resource capability and a high performing organisation.	Percentage of women SMS representation.	-	-	Annual Target exceeded: 51.3% of female SMS	50% of women SMS representation.	50% of women SMS representation.	50% of women SMS representation.	50% of women SMS representation.
	Percentage of PWD employed.	-	-	Annual Target Exceeded: 2.8 PWD employed.	2% of PWD employed.	≥ 2% of PWD employed.	≥ 2% of PWD employed.	≥ 2% of PWD employed.
	% Vacancy rate in funded posts.	<10% vacancy rate in funded posts.	<10% vacancy rate in funded posts.	Annual not target Achieved: 11.9% Vacancy rate achieved.	<10% vacancy rate in funded posts.	<10% vacancy rate in funded posts.	<10% vacancy rate in funded posts.	<10% vacancy rate in funded posts.

4.4. PROGRAMME 1: QUARTERLY TARGETS FOR 2019/20

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	Reporting Period	2019/20 Annual Target	QUARTERLY TARGETS			
				Q1 Apr - Jun 2019	Q2 Jul - Sep 2019	Q3 Oct - Dec 2019	Q4 Jan - Mar 2020
3. Sound governance and the optimal utilisation of available resources							
3.1: Compliance and good governance ensured.	Unqualified external audit opinion for both financial and non-financial performance data maintained.	Annually	Unqualified audit outcome for both financial and non-financial performance data for 2018/19.	N/A	Unqualified audit outcome for both financial and non-financial performance data for 2018/19.	N/A	N/A

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	Reporting Period	2019/20 Annual Target	QUARTERLY TARGETS			
				Q1 Apr - Jun 2019	Q2 Jul - Sep 2019	Q3 Oct - Dec 2019	Q4 Jan - Mar 2020
	Percentage over or under-expenditure on annual budget.	Quarterly	<5% variance on annual budget.	<5% expenditure on annual budget.	<5% expenditure on annual budget.	<5% expenditure on annual budget.	<5% expenditure on annual budget.
	Percentage of payments to eligible creditors processed within 30 days.	Quarterly	100% payments to eligible creditors processed within 30 days.	100% payments to eligible creditors processed within 30 days.	100% payments to eligible creditors processed within 30 days.	100% payments to eligible creditors processed within 30 days.	100% payments to eligible creditors processed within 30 days.
3.2: Efficient, integrated and streamlined business processes and systems.	Number of ICT system projects defined in the DSBD ICT Plan implemented.	Quarterly	2 ICT system projects defined in the DSBD ICT Plan implemented.	Approved systems specification and roadmap defined.	Service providers appointed for system development.	Development and testing completed.	Implementation of 2 key ICT system projects completed.
4. An enhanced contribution to socio-economic development outcomes by the sector							
4.3: Informed and empowered communities and a responsive department.	Number of awareness campaigns with communities and stakeholders conducted.	Quarterly	30 awareness campaigns with communities and stakeholders conducted.	8 awareness campaigns with communities and stakeholders conducted.	8 awareness campaigns with communities and stakeholders conducted.	8 awareness campaigns with communities and stakeholders conducted.	6 awareness campaigns with communities and stakeholders conducted.
5. A professional and capacitated SBD Sector							
5.2 Strengthened human resource capability and a high performing organisation.	Percentage of female SMS representation.	Quarterly	50% of women SMS representation.	50% of women SMS representation.	50% of women SMS representation.	50% of women SMS representation.	50% of women SMS representation.
	Percentage of PWD employed.	Quarterly	≥ 2% of PWD employed.	≥ 2% of PWD employed.	≥ 2% of PWD employed.	≥ 2% of PWD employed.	≥ 2% of PWD employed.
	% vacancy rate in funded posts.	Quarterly	<10% vacancy rate in funded posts.	<10% vacancy rate in funded posts.	<10% vacancy rate in funded posts.	<10% vacancy rate in funded posts.	<10% vacancy rate in funded posts.

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

4.5.1. Expenditure Estimates

Programme 1: Administration	2019/20	2020/21	2021/22	
	Revised Baseline	Revised Baseline	Revised Baseline	Total
Sub-programmes	**R'000**	**R'000**	**R'000**	**R'000**
Ministry	26,472	29,012	30,068	85,552
Departmental Management	18,500	18,615	20,733	57,848
Corporate Services	54,128	57,490	60,492	172,110
Financial Management	20,324	21,038	22,625	63,987
Communications	4,964	5,341	5,712	16,017
Total	**124,388**	**131,496**	**139,630**	**395,514**

4.5.2. Performance and Expenditure Trends

Programme 1 (Administration): Programme one has an allocation of R395.5 million over the medium-term to below mentioned 5 sub-programmes:

- Ministry has R85.5 million (21.6%),
- Office of DG has R57.8 million (14.6%),
- Corporate Services has R172.1 million (43.5%),
- Financial Management R64 million (16.2%),
- Communication and Marketing R16 million (4%).

The sub-programmes in the administration programme will create an enabling environment in order:

- To promote compliance and good governance. The Department has formulated and implemented sound good governance policies, procedures and systems to ensure compliance with all the relevant public service prescripts. These policies include, but are not limited to, human resource management and development, legal services, ICT, security and facilities management as well as internal audit.
- To drive sound financial management and controls. For the 2017/18 financial year, DSBD received an unqualified audit opinion. The financial control environment is being strengthened to ensure a balanced service delivery environment.
- To maintain a sound performance planning, reporting and monitoring and evaluation system. The Department has adopted a performance information management policy in order to describe performance information management in the Department.

- Strengthened human resource capability and a high performing organisation. By the end of June 2018, the Department had a vacancy rate of 12%, exceeded the target of 50% representation for women in SMS and increased the employment of People with Disabilities to 2.8%. Staff members attended various development interventions aligned to their Personal Development Plans (PDPs) such as evidence-based policy making and implementation. Individual performance agreements are aligned to APP deliverables and are closely monitored. Implementation of the Employee Health and Wellness Programme is underway and the need to support employees with a variety of professional and other service has been identified.
- To promote external and internal communication on the work of the Department. The Department has formulated and is implementing an integrated Communications and Marketing Plan. The plan is primarily determined by the broader National Development Plan (NDP) and the government wide communications policies driven by Government Communication and Information System (GCIS). The plan is aimed at communicating the DSBD programmes and projects and other strategic initiatives and is targeting internal and external stakeholders.
- To comply with sound governance from an Information and Communication Technology perspective, the Department has an approved ICT Plan depicting the vision of the technology implementation to enhance both internal and external functions and ensure compliance to the government defined security policies related to ICT. The Department has an approved Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF) charter and an approved ICT Security policy aligned to the guidelines provisioned by the Department of Public Service and Administration.

5. PROGRAMME 2: SECTOR POLICY AND RESEARCH

5.1. PROGRAMME 2: PURPOSE AND FOCUS

The Programme is responsible to create an enabling environment for the development and growth of sustainable small businesses and co-operatives through commissioning research; the development and review of policy and legislation; the coordination and promotion of sound intergovernmental relationships; promoting the sector interests in the regional and global arena; and effective monitoring and evaluation of programmes to ensure the desired impact is achieved in contributing towards the creation of employment opportunities and economic growth.

The Sector Policy and Research Programme covers the work of the following sub-programmes:

1) **Research** - to provide research and knowledge management services to direct sector thought leadership and guide evidence based policy making and programme design;

2) **Policy and Legislation (which includes IGR and Coordination)** - to develop and review policies and legislation to create and promote sustainable growth opportunities for small businesses and co-operatives and to advance coordination and cooperation amongst the different spheres of government;

3) **International Relations and Trade Promotion** - to promote the sector's interests in the global space through negotiations and lobbying at different regional and international forums and the development of strategies and position papers; and

4) **Monitoring and Evaluation** - to provide monitoring and evaluation services to evaluate performance and identify factors that improve service delivery outcomes.

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

5.2. PROGRAMME 2: STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2019/20

LINK TO STRATEGIC GOAL	STRATEGIC OBJECTIVE	STRATEGIC OBJECTIVE STATEMENT	STRATEGIC PLAN OBJECTIVE TARGET (Target to 2020)	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
				2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)	2021/22
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMMEs and co-operatives.	1.1: Reduced regulatory burdens and a conducive legislative and policy environment for SMMEs and co-operatives.	SMMEs and co-operatives red tape reduction procedures analysed at National, Provincial and Local level.	Cumulatively, 23 SMMEs and co-operatives red tape reduction procedures analysed and redesigned over the period to 2019/20.	-	-	Annual Target not achieved; The Annual target was approved for deferral to the next financial year.	Five (5) SMMEs and co-operatives red tape reduction procedures analysed.	Red-Tape Reduction Awareness Programme rolled out in 16 municipalities.	Ease of doing business Awareness Programme rolled out in 20 municipalities.	Ease of doing business Awareness Programme rolled out in 25 municipalities.
	1.2 Provide credible information on the status of the Cooperatives, Village and Township economies.	The number of SMMEs operating in South Africa in terms of sector, location, size and number of employees accounted.	SMME Index developed and popularised.	-	-	-	-	National SMME Index developed.	Popularize the National SMMEs Index.	National SMMEs Index Report published.
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and co-operatives.	2.1. Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies	The number of SMMEs operating in South Africa in terms of sector, location, size and number of employees accounted.	Business Rescue Strategy Implemented (funding, technical support).	N/A	N/A	N/A	N/A	Business Rescue Strategy Implemented (funding, technical support).	Business Rescue Strategy Implemented.	Business Rescue Strategy Implemented.

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

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)	2021/22
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMMEs and co-operatives								
1.1: Reduced regulatory burdens and a conducive legislative and policy environment for SMMEs and co-operatives.	Number of municipalities assisted to roll out Red-Tape Reduction awareness Programme.	81 municipalities assisted to roll out SMMEs and co-operatives Red-Tape Reduction Programme.	-	Annual Target Exceeded: 42 municipalities assisted in 12 workshops to roll out SMMEs Co-operatives Red-Tape Reduction Programme.	Twelve (12) municipalities assisted to roll out SMMEs and co-operatives Red-Tape Reduction Programme.	Red-Tape Reduction Awareness Programme rolled out in 16 municipalities.	Ease of doing business Awareness Programme rolled out in 20 municipalities.	Ease of doing business Awareness Programme rolled out in 25 municipalities.
	Draft National Small Enterprise Bill submitted.	Consultative stakeholder engagements.	Targeted stakeholder consultations on the amendment of the National Small Business Act of 1996 as amended. Submission of draft proposed amendment to Minister.	Annual target not achieved: The Bill was not developed and submitted to Minister for approval.	Amendment of the National Small Business Bill through legislative process.	Draft National Small Enterprise Bill submitted to the Minister for consideration	Prepare and table National Small Enterprise bill in Parliament	Prepare and table National Small Enterprise bill in Parliament
	Position paper on the establishment of the SMME Ombudsman produced.	N/A	N/A	N/A	N/A	SMME and Co-operatives ombudsman Established.	Position paper on the establishment of the SMME Ombudsman finalised	Position paper on the establishment of the SMME Ombudsman finalised
1.2 Provide credible information on the status of the Cooperatives, Village and Township economies.	Approved National SMMEs index	N/A	N/A	N/A	N/A	SMME Index developed.	Popularize SMMEs Index.	SMMEs Index Report published.
	Database of SMMEs and Co-operatives per	N/A	N/A	N/A	N/A	Database of SMMEs and Co-operatives per sector, location,	Annual Status Quo Report on SMMEs produced.	N/A

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)	2021/22
	sector, location, size, turnover, number of employees produced.					size, turnover, number of employees developed.		
	Reviewed Cooperatives registration process approved.	N/A	N/A	N/A	N/A	Reviewed Cooperatives registration process	Standardization of the Co-operatives registration all provinces	Monitor the implementation of the revised registration process and application by organ of the State
	Informal sector registers per trade category, location and ownership.	N/A	N/A	N/A	N/A	Informal sector registers per trade category, location and ownership.	Maintenance and updating of the register.	Maintenance and updating of the register.
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and co-operatives								
2.1. Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies.	Quarterly Reports on the Business Rescue Strategy produced.	N/A	N/A	N/A	N/A	Business Rescue Strategy Implemented (funding, technical support).	Business Rescue Strategy Implemented.	Business Rescue Strategy Implemented.
	Designated markets and contracts (export market) for SMME and Cooperatives products and services produced.	N/A	N/A	N/A	N/A	Support a number of enterprises to access designated products and services	Develop tracking tool to measure government spend on SMMEs and Cooperatives	Monitor government spending on SMMEs and Cooperatives

5.4. PROGRAMME 2: QUARTERLY TARGETS FOR 2019/20

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	Reporting Period	2019/20 Annual Target	QUARTERLY TARGETS			
				Q1 Apr - Jun 2019	Q2 Jul - Sep 2019	Q3 Oct - Dec 2019	Q4 Jan - Mar 2020
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMMEs and co-operatives							
1.1: Reduced regulatory burdens and a conducive legislative and policy environment for SMMEs and co-operatives.	Number of municipalities assisted to roll out Red-Tape Reduction awareness Programme.	Quarterly	Red-Tape Reduction Awareness Programme rolled out in 16 municipalities.	Red-Tape Reduction Awareness Programme rolled out in 4 municipalities.	Red-Tape Reduction Awareness Programme rolled out in 4 municipalities.	Red-Tape Reduction Awareness Programme rolled out in 4 municipalities.	Red-Tape Reduction Awareness Programme rolled out in 4 municipalities for the year.
	Draft National Small Enterprise Bill submitted.	Quarterly	Draft National Small Enterprise Bill submitted.	Consultation with the Stakeholders	Consolidate content of position papers into a Draft Bill.	The Bill drafted and submits to State law advisors	The Draft Bill Submitted to the Minister for consideration and Gazetting
	Position paper on the establishment of the SMME Ombudsman produced.	Quarterly	SMME and Co-operatives ombudsman Established.	Draft a position paper on Alternate Dispute Resolution.	Consolidate content of position papers into a Draft Bill.	Conceptualize the Ombuds/Tribunal	Establish the Ombuds mechanism for SMMEs and Cooperatives.
1.2 Provide credible information on the status of the Cooperatives, Village and Township economies	Approved National SMMEs index	Quarterly	National SMME Index developed	-	Consultations with key stakeholders conducted.	Measurement framework developed (dimensions and indicators)	SMME Business Index submitted to EA for approval
	Database of SMMEs and Co-operatives per sector, location, size, turnover, number of employees produced.	Quarterly	Database of SMMEs and Co-operatives per sector, location, size, turnover, number of employees developed.	-	Design of database architecture	Data sourced from organ of the State, Provinces and municipalities Data on SMMEs consolidated	National Database of SMMEs and Co-operatives
	Reviewed Cooperatives registration process approved.	Quarterly	Reviewed Cooperatives registration process.	-	Analysis of current registration process	Co-operatives registration process areas of improvement	Co-operatives registration process revised and simplified

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	Reporting Period	2019/20 Annual Target	QUARTERLY TARGETS			
				Q1 Apr - Jun 2019	Q2 Jul - Sep 2019	Q3 Oct - Dec 2019	Q4 Jan - Mar 2020
					Co-operatives registration process mapped out.	identified and report produced	
	Informal sector registers per trade category, location and ownership.	Quarterly	Informal sector registers per trade category, location and ownership.	-	Analyses of existing information Design the database	Sourcing data on informal businesses	Informal sector register established
2.2. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing SMMEs.							
2.1. Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies	Quarterly Reports on the Business Rescue Strategy produced.	Quarterly	Business Rescue Strategy Implemented.	Quarterly report on the implementation of the Business Rescue Strategy	Quarterly report on the implementation of the Business Rescue Strategy	Quarterly report on the implementation of the Business Rescue Strategy	Yearly report on the implementation of the Business Rescue Strategy.
	Designated markets and contracts (export market) for SMME and Cooperatives products and services produced.	Quarterly	Small businesses and Cooperatives exposed to international markets	-	Identify key markets for exports	Provide Export training and counselling to SMMEs and Co-operatives.	Provide Export training and counselling to SMMEs and Co-operatives

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

Expenditure Estimates

Programme 2:	2019/20	2020/21	2021/22	
	Revised Baseline	Revised Baseline	Revised Baseline	Total
Sub-programmes	R'000	R'000	R'000	R'000
Research	17,330	18,169	19,091	54,590
Policy and Legislation	5,706	7,848	8,277	21,831
International Relations	6,026	6,380	6,745	19,151
Monitoring and Evaluation	6,553	7,019	8,197	21,769
Total	**35,615**	**39,416**	**42,310**	**117,341**

Performance and Expenditure Trends

Programme 2 (Sector Policy and Research): Programme 2 has an allocation of R117.3 million over the medium-term with below mentioned 4 sub-programmes. The spending focus over the MTEF term for the programme will be on Planned Policy Reviews: Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprise and National Small Business Act, 1996 as amended:

The Research sub-programme has 46.5% (R54.6 million) of the budget and Policy and Legislation – allocated 18.6% (R21.8 million), Monitoring and Evaluation is allocated 18.6% (R21.8 million) and International Relations 16.3% (R19.2 million) of the budget. The sub-programmes ensure the primary objective of creating an enabling environment for the development and growth of sustainable small businesses and co-operatives through commissioning research; the development and review of policy and legislation; the coordination and promotion of sound intergovernmental relationships; promoting the sector interests in the regional and global arena; and effective monitoring and evaluation of programmes to ensure the desired impact is achieved in contributing towards the creation of employment and economic growth.

6. PROGRAMME 3: INTEGRATED CO-OPERATIVES DEVELOPMENT

6.1. PROGRAMME 3: PURPOSE AND FOCUS

The programme is responsible to create an enabling environment that facilitates the establishment, growth and development of co-operatives through the development and review of legislation and policy, the design, piloting and monitoring of the impact of support services and instruments; the championing of functional partnerships and cooperation agreements; and the advocacy and thought leadership in advancing economic growth, job creation and social cohesion.

The Integrated Co-operatives Development Programme covers the work of the following sub-programmes:

1) **Co-operatives Development** - to manage and facilitate the creation of new co-operatives and the growth of existing co-operatives through clustering and value chain approaches;

2) **Co-operatives Programme Design and Support** – to review existing programmes and design new ones based on the review outcomes and change in the co-operatives development landscape and economic conditions; and

3) **Supplier Development and Market Access Support** - to manage strategic partnerships with the private sector, state-owned entities and public sector, with the aim of developing co-operatives to become suppliers of goods and services; and facilitate readiness to access market opportunities.

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

6.2. PROGRAMME 3: STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2019/20

LINK TO STRATEGIC GOAL	STRATEGIC OBJECTIVE	STRATEGIC OBJECTIVE STATEMENT	STRATEGIC PLAN OBJECTIVE TARGET (Target to 2020)	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
				2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)	2021/22
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and co-operatives.	2.1 Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies.	The number of SMMEs operating in South Africa in terms of sector, location, size and number of employees accounted.	Four (4) Product markets for SMMEs and Cooperatives developed.	N/A	N/A	N/A	N/A	Four (4) Product markets for SMMEs and Cooperatives developed.	Four Product markets for SMMEs and Cooperatives developed.	Four Product markets for SMMEs and Cooperatives developed.
	2.2. Expand access to financial SMMEs through partnerships and innovative service offerings	Pursue strategic partnerships and design customised products.	122 co-operatives supported financially through the CIS.	350 co-operatives supported financially through the CIS.	370 co-operatives supported financially through the CIS.	Partially Achieved: 265 co-operatives incentive scheme applications were approved by the end of the financial year.	122 co-operatives supported financially through the CIS.	Co-operatives supported to the value of the R67.9 million.	Co-operatives supported to the value of the R72.8 million	N/A

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

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)	2021/22
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and co-operatives								
2.1 Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies	Number of Product markets for SMMEs and Cooperatives developed.	N/A	N/A	N/A	N/A	Four (4) Product markets for SMMEs and Cooperatives developed.	Four Product markets for SMMEs and Cooperatives developed.	Four Product markets for SMMEs and Cooperatives developed.
	Quality products and services made by SMMEs and Cooperatives Developed.	N/A	N/A	N/A	N/A	Quality products and services made by SMMEs and Cooperatives Produced.	Implement sector-specific capacity building interventions.	Implement sector-specific capacity building interventions.
	Master Plan on SMMEs and Cooperatives Contracting produced.	N/A	N/A	N/A	N/A	Master Plan on SMMEs and Cooperatives Contracting developed.	Ensure the sub-contracting conditionalities on contracts with largest acquisition budget benefit SMMEs and Co-operatives.	Ensure the sub-contracting conditionalities on contracts with largest acquisition budget benefit SMMEs and Co-operatives.
	List of Partnership agreements with Development Finance Institutions produced.	N/A	N/A	N/A	N/A	Partnership agreements with Development Finance Institutions signed.	Value of Contracts benefiting SMMEs and Co-operatives through conditionalities	Implement, Monitor and report on transactions
	Approved Master Plan	N/A	N/A	N/A	N/A	SMMEs and Co-operatives Master Plan Developed.	SMMEs and Co-operatives Master Plan Implemented.	SMMEs and Co-operatives Integrated Master Plan Implemented.

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)	2021/22
	Partnership Agreements	N/A	N/A	N/A	N/A	Partnership accord with industry bodies secured.	Rollout of the partnership.	Rollout of the partnership and reporting.
	Report on the roll-out of the credit guarantee schemes produced.	N/A	N/A	N/A	N/A	Reports on the roll-out of the credit guarantee schemes developed.	Reports on the roll-out of the credit guarantee schemes.	Reports on the roll-out of the credit guarantee schemes.
2.2. Expand access to financial SMMEs through partnerships and innovative service offerings	Co-operatives supported to the value of the R 000 million.	350 co-operatives supported financially through the CIS.	370 co-operatives supported financially through the CIS.	Partially Achieved: 265 co-operatives incentive scheme applications were approved by the end of the financial year.	122 co-operatives supported financially through the CIS.	Co-operatives supported to the value of the R67.9 million.	Co-operatives supported to the value of the R72.8 million	N/A

6.4. PROGRAMME 3: QUARTERLY TARGETS FOR 2019/20

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	Reporting Period	2019/20 Annual Target	QUARTERLY TARGETS			
				Q1 Apr - Jun 2019	Q2 Jul - Sep 2019	Q3 Oct - Dec 2019	Q4 Jan - Mar 2020
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and co-operatives							
2.1. Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies	Number of Product markets for SMMEs and Cooperatives developed.	Quarterly	Four (4) Product markets for SMMEs and Cooperatives developed.	-	Sector Analysis of existing product markets	Consultations with key stakeholders	Development of the markets
	Quality products and services made by SMMEs and Cooperatives developed	Quarterly	Quality products and services made by SMMEs and Cooperatives Produced.	-	Analysis of requirements and standards in priority sectors	Engage with sector authorities	Design sector-specific capacity building interventions

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	Reporting Period	2019/20 Annual Target	QUARTERLY TARGETS			
				Q1 Apr - Jun 2019	Q2 Jul - Sep 2019	Q3 Oct - Dec 2019	Q4 Jan - Mar 2020
	Master Plan on SMMEs and Cooperatives Contracting produced.	Quarterly	Master Plan on SMMEs and Cooperatives Contracting developed.	-	Consultations with key stakeholders	Consultations with key stakeholders	Master Plan on SMMEs and Cooperatives Contracting developed.
	List of Partnership agreements with Development Finance Institutions produced.	Quarterly	Partnership agreements with Development Finance Institutions signed.	-	Engage with Development Finance Institutions (DFIs)	Finalise agreements with DFIs	Partnership agreements with Development Finance Institutions signed.
	Master Plan produced	Quarterly	SMMEs and Co-operatives Master Plan Developed.	Consultations with key stakeholders on the Master Plan conducted.	Consultations with key stakeholders on the Master Plan conducted.	Consultations with key stakeholders on the Draft Master Plan conducted.	SMMEs and Co-operatives Master Plan Developed.
	Partnership Agreements	Quarterly	Partnership accord with industry bodies secured.		Engage with industry bodies	Signing and launching of agreements with industry bodies	Partnership accord with industry bodies secured.
	Report on the roll-out of the credit guarantee schemes produced.		Report on the roll-out of the credit guarantee schemes Developed.	-	Engagements with the potential partners.	Roll-out of the credit guarantee schemes.	Roll-out of the credit guarantee scheme report produced.
2.2. Expand access to financial SMMEs through partnerships and innovative service offerings.	Co-operatives supported to the value of the R 000 million.	Quarterly	Co-operatives supported to the value of the R67.9 million.	Co-operatives supported to the value of the R17 million.	Co-operatives supported to the value of the R17 million.	Co-operatives supported to the value of the R17 million.	Co-operatives supported to the value of the R17 million.

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

Expenditure Estimates

Programme 3:	2019/20	2020/21	2021/22	
	Revised Baseline	Revised Baseline	Revised Baseline	Total
Sub-programmes	**R'000**	**R'000**	**R'000**	
Co-operatives Development	9,038	9,672	10,268	28,978
Co-operatives Programme Design and Support	105,511	111,722	117,515	334,748
Supplier Development and Market Access Support	13,079	13,686	14,486	41,251
Total	**127,628**	**135,080**	**142,269**	**404,977**

Performance and Expenditure Trends

Programme 3 (Integrated Co-operative Development): Programme 3 has an allocation of R405 million over the medium-term to below mentioned 3 sub-programmes. The spending focus over the MTEF term for the programme will be on the creation of an enabling environment that facilitates the establishment, growth and development of co-operatives through the development and review of policy and legislation; the design, piloting and monitoring of the impact of support services and instruments; the championing of functional partnerships and cooperation agreements; and the advocacy and thought leadership in advancing economic growth, job creation and social cohesion.

The Co-operatives Development sub-programme has been allocated R29 million (7.2%), R334.7 million (82.7%) to Co-operatives Programme Design and Support sub-programme, and R41.3 million (10.2%) to the Supplier Development and Market Access Support sub-programme.

The 2019/2020 Medium Term Strategic Framework on Integrated Co-operatives Development Programme is structured around 3 priority interventions whose outcomes are in line with the focus areas identified in the National Development Plan which entail fulfilment of outcome 4: decent employment through inclusive economic growth, and outcome 7: Rural development. The strategic outcome-oriented goals are derived from the mandate, vision and mission of DSBD and seek to ensure that the Integrated Co-operative Programme focuses on its core function to deliver the much needed legislative, policy and support services to grow and sustain the co-operatives and its ecosystem.

One of the key challenges that the SMME and Co-operatives sector face in South Africa is lack of business opportunities in both the public and private sectors. Most SMMEs and Co-operatives are overlooked in both sectors as they are viewed as lacking experience and expertise. To resolve this issue, the President at the time announced that government will set aside 30% of designated procurement from SMMEs, co-operatives and small holder farmers. To this end, guidelines, reporting and monitoring measures to ensure the proper implementation of this Programme as a

government-wide strategy to expand market access to SMMEs utilising government procurement opportunities are still to be put in place.

The Department is carrying a huge mandate which requires collaboration and involvement of various stakeholders in order to coordinate and maximise support for SMMEs and co-operatives through public and private partnerships. So far the Department has engaged a number of government departments to leverage financial support and market access opportunities for small businesses and co-operatives. Partnership agreements have been concluded with the following public and private sector organisations Tourism, Public Enterprises, Rural Development and Land Reform, Social Development, Defence, Wholesale and Retail Seta, Manufacturing Engineering and Related Services Seta, Energy & Water Seta, Agri-Seta, Pick n Pay and SAB Miller. The Department is engaging with other public and private sector stakeholders with the intention of leveraging support for informal and small businesses and co-operatives.

The spending focus over the medium term will be to oversee the implementation and monitoring of the Integrated Co-operatives Strategy. It will also involve the implementation of the Co-operatives Amendment Act (2013). The Integrated Strategy on Co-operatives Development will be reviewed to bring the Co-operative Strategy and Co-operative Amended Act into alignment.

The interventions that will be rollout under the implementation and monitoring of the co-operatives strategy entail the following: provided access to market by developing the access to market strategy; promote and monitor 30% set aside for co-operatives in the public sector and SOEs; Leverage Business Opportunities available in the rollout of B-BBEE (Supplier Development Programme) by the private sector; Leverage opportunities provided by Bilateral and Multi-lateral Agreements; Export Marketing Incentive to support exporters; and monitor and ensure 30 days payment for Co-operatives. Provide co-operative business support which involve provision of pre and post training support that include co-operative governance, technical and management training. To increase supply of financial support services by popularising and rolling out CIS and design micro loan support.

7. PROGRAMME 4: ENTERPRISE DEVELOPMENT AND ENTREPRENEURSHIP

7.1. PROGRAMME 4: PURPOSE AND FOCUS

The programme is responsible to create an enabling environment for the development and growth of sustainable small businesses through the development and review of legislation and policy; the design, piloting and monitoring of the impact of support services and instruments; the promotion of local economic development and entrepreneurship; championing functional partnerships; and advocacy and thought leadership in advancing economic growth and job creation.

Programme 4: Sub-Programmes
The Enterprise Development and Entrepreneurship Programme covers the work of the following sub-programmes:

1) **Enterprise and Suppler Development** - to manage and facilitate the establishment of new and productive enterprises as well as the sustainability and growth of existing enterprises;

2) **SMME Programme Design and Support** – to review existing programmes and design new ones based on the review outcomes and change in the SMME development landscape and economic conditions;

3) **SMME Competitiveness** - to manage and facilitate strategic partnerships that seek to enhance the work of the Department on the provision of market access for SMMEs in the supply value chains of corporations, State Owned Enterprises and government departments. To further work with municipalities through their Integrated Development Plans to develop, enhance and implement enterprise development programmes toward improved Local Economic Development (LED); and

4) **Entrepreneurship** – to provide leadership and oversight on the conceptualisation, design and implementation of the entrepreneurship development framework, instruments and programmes in support of enterprise development.

The 2019/20 performance plan of Programme 4 is reflected in the tables below:

7.2. PROGRAMME 4: STRATEGIC OBJECTIVE ANNUAL TARGETS FOR 2019/20

LINK TO STRATEGIC GOAL	STRATEGIC OBJECTIVE	STRATEGIC OBJECTIVE STATEMENT	STRATEGIC PLAN OBJECTIVE TARGET (Target to 2020)	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
				2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)	2021/22
2: Equitable access to responsive and targeted products and services that enable the growth and developmen t of SMMEs and co-operatives.	2.1 Expand access to financial SMMEs through partnerships and innovative service offerings	Pursue strategic partnerships and design customised products.	SMMEs and Co-operatives supported through blended finance to the value of R100 Million.	N/A	N/A	N/A	N/A	SMMEs and Co-operatives supported through blended finance to the value of R100 Million.	SMMEs and Co-operatives supported through blended finance to the value of R110 Million.	SMMEs and Co-operatives supported through blended finance to the value of R416, 4 Million.
	2.2. Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies	Periodically engage with private and social partners to create linkages to new and existing opportunities for SMMEs in designated areas	N/A	N/A	N/A	N/A	N/A	Integrated funding model developed.	Integrated funding model implemented.	Integrated funding model implemented

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

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)	2021/22
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and co-operatives								
2.1 Expand access to financial SMMEs through partnerships and innovative service offerings	SMMEs and Co-opts supported through blended finance to the value of R100 Million.	N/A	N/A	N/A	N/A	SMMEs and Co-operatives supported through blended finance to the value of R100 Million.	SMMEs and Co-operatives supported through blended finance to the value of R110 Million.	SMMEs and Co-operatives supported through blended finance to the value of R416, 4 Million.
	SMMEs supported through the Black Business Support Development Programme (BBSDP) to the value of R' million.	480 SMMEs supported through the BBSDP.	600 SMMEs supported through the BBSDP.	Annual Target partially achieved: 508 Black SMMEs supported though BBSDP.	677 SMMEs supported through the BBSDP.	SMMEs supported through the BBSDP to the value of R206.1 million.	SMMEs supported through the BBSDP to the value of R211.9 million.	N/A
2.2 Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies	Number of Incubation centers in townships and rural areas established per financial year (FY)	N/A	N/A	N/A	N/A	Four (4) Incubation centers/digital hubs established	Six Incubation centers/digital hubs in districts and metropoles.	Eight Incubation centers/digital hubs in districts and metropoles.
	Defined support programmes for informal sector trading category and location, e.g. Buyer group initiation and support.	N/A	N/A	N/A	N/A	Defined support programmes for informal sector trading category and location, e.g. Buyer group initiation and support.	Rollout of the programme	Rollout of the programme.
	One -Stop- SMME Platform/ Centre design layout.	N/A	N/A	N/A	N/A	One -Stop- SMME Platform/ Centre established.	Maintenance of the platform.	Maintenance of the platform.

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)	2021/22
	SMME Payment tracing platform produced.	N/A	N/A	N/A	N/A	SMME Payment tracing platform developed.	Rollout of the platform.	Monitoring and reporting on the performance of the platform.
	Funding model produced.	N/A	N/A	N/A	N/A	Funding model developed.	Integrated funding model implemented.	Integrated funding model implemented
	Digital Hub Framework and Model produced.	N/A	N/A	N/A	N/A	Digital Hub Framework and Model developed.	Rollout of the hubs	Rollout of additional hubs

7.4. PROGRAMME 4: QUARTERLY TARGETS FOR 2019/20

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	Reporting Period	2019/20 Annual Target	QUARTERLY TARGETS			
				Q1 Apr - Jun 2019	Q2 Jul - Sep 2019	Q3 Oct - Dec 2019	Q4 Jan - Mar 2020
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and co-operatives							
2.1.. Expand access to financial SMMEs through partnerships and innovative service offerings	SMMEs and Co-opts supported through blended finance to the value of R' Million.	Quarterly	SMMEs and Co-operatives supported through blended finance to the value of R100 Million.	Blended finance guidelines approved.	SMMEs and Co-operatives supported through blended finance to the value of R33.3 Million.	SMMEs and Co-operatives supported through blended finance to the value of R33.3 Million.	SMMEs and Co-operatives supported through blended finance to the value of R33.3 Million.
	SMMEs supported through the BBSDP to the value of R' million.	Quarterly	SMMEs supported through the BBSDP to the value of R206.1 million.	SMMEs supported through the BBSDP to the value of R35.8 million.	SMMEs supported financially through the BBSDP to the value of R33.8 million.	SMMEs supported financially through the BBSDP to the value of R76.8 million.	SMMEs supported financially through the BBSDP to the value of R59.6 million.
2.2 Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies	Number of Incubation centers in townships and rural areas established per financial year (FY)	Quarterly	Four Incubation centers/digital hubs established.	-	Services Level agreement with partners signed.	Development of hubs.	Four Incubation centers/digital hubs established.
	Concept document on defined support	Quarterly	Concept document on defined support programmes for informal	-	Consultations with stakeholders.	First Concept document on defined support programmes for	Concept document on defined support programmes for

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	Reporting Period	2019/20 Annual Target	QUARTERLY TARGETS			
				Q1 Apr - Jun 2019	Q2 Jul - Sep 2019	Q3 Oct - Dec 2019	Q4 Jan - Mar 2020
	programmes for informal sector produced.		sector Developed and approved			informal sector Developed	Informal sector Developed and approved.
	One -Stop- SMME Platform/ Centre design layout.	Quarterly	One -Stop- SMME Platform/ Centre established.	-	Consultations with end-users.	Design the platform.	Test and launch the platform.
	SMME Payment tracing platform produced.	Quarterly	SMME Payment tracing platform developed.	-	Consultations with stakeholders	Design of the platform	Test and launch the platform
	Funding model produced.	Quarterly	Funding model developed.	-	Consult and develop Guideline for the model funding agreement.	Consultations and refinement of the document.	Pilot model funding agreement.
	Digital Hub Framework and Model produced.	Quarterly	Digital Hub Framework and Model developed.	-	Consultation with the stakeholders.	Design the Model.	Digital Hub Framework and Model developed.

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

7.5.1. Expenditure Estimates

Programme 4:	2019/20	2020/21	2021/22	
	Revised Baseline	Revised Baseline	Revised Baseline	Total
Sub-programme	R'000	R'000	R'000	R'000
Enterprise and Supplier Development	889,000	930,890	981,403	2,801,293
SMMEs Programme Design and Support	1,384,885	1,468,891	1,549,790	4,403,566
SMME Competitiveness	-	-	-	-
Entrepreneurship	7,036	7,490	7,931	22,457
Total	2,280,921	2,407,271	2,539,124	7,227,316

7.5.2. Performance and Expenditure Trends

Programme 4 (**Integrated Enterprise Development and Entrepreneurship):** has an allocation of R7.3 billion over the medium-term with below mentioned 4 sub-programmes. The spending focus over the MTEF will be on the creation of an enabling environment for the development and growth of sustainable small businesses through the development and review of SMMEs and entrepreneurship policies; design, piloting and monitoring of the impact of support services and instruments; the promotion of entrepreneurship and provision of economic infrastructure for micro enterprises; development and implementation of supplier development interventions; championing functional partnerships; coordination of the enterprise development ecosystem and thought leadership in advancing economic growth and job creation:

a) The Enterprise development and Supplier Development sub-programme has been allocated 38.9% (R2.8 billion), 60.8% (R4.4 billion) to SMMEs Programme Design and Support sub-programme, 0.3% (R22.4 million) to the Entrepreneurship sub-programme.

b) One of the key inhibitors of economic growth in the country is policy uncertainty. The Department will drive the process of formulating an incubation policy framework which will contribute in bringing policy certainty especially for the small business sector which is a critical sector for job creation and inclusive economic growth.

   i. In support of the implementation of the Nine-Point Plan the Department embarked on a process of developing specific programmes focusing on township and rural enterprises who are mostly complaining about lack of infrastructure and skills. The Department's target for the 2019/20 financial is the provision of support to 1100 micro enterprises and to support 2600 over the MTEF period. The Department will further focus on providing infrastructure support to over 4000 enterprises that were trained in the previous financial years.

ii. The Department will continue to implement the Shared Economic Infrastructure Facility which is an instrument that is aimed at providing shared economic infrastructure for micro and small businesses prioritising those enterprises that are based in rural and township areas. The target for 2019/20 is to secure eight partnership agreements and the target over the MTEF period is to secure 27 partnership agreements with public and private sector stakeholders who are prepared to invest in the development of micro and small enterprises in their localities.

iii. To drive the agenda of development and support of competitive businesses the Department intends to prioritise its role as a coordinator of the enterprise development ecosystems. One of the key initiatives in the 2018/19 financial year is the development of draft framework for standards for professionalization of business advisory services. This framework is aimed at ensuring professionalization of this services and promoting excellence in this profession. Working together with other stakeholders the department will drive the process of developing an online entrepreneurial ecosystem.

iv. One of the ten key priorities articulated in the NDP is improved access to debt and equity finance. This is further confirmed by the research done by the department on the enterprise development ecosystem, which identified a serious shortage of funding particularly for the first three stages of a business lifecycle, which are ideation, proof of concept and start-up/market entry. The Small Business and Innovation Fund that will be implemented in partnership with the Department of Science and Technology will target the first three phases as well as the fourth phase, which is scale up phase. The rationale behind adding the fourth phase is informed by the fact that small businesses that are expanding have a higher multiplier effect in terms of number of jobs created, and therefore as job creation is a priority these businesses should also be prioritised. During this current financial 2018/19 the department together with its partners i.e. National Treasury and Department of Science and Technology will finalise the implementation plan of the Small Business and Innovation Fund, which will be implemented from 2019/20 financial year.

v. Seda is Centres for Entrepreneurship Programme (CfE) and Rapid Incubation Programme hosted by TVET colleges and Universities of Technology, are targeted at tertiary education students as well as the community living adjacent these institutions in order to contribute towards business formation processes. These two Programmes are an appropriate measure that is responsive to the needs of enterprises, in line with an effort to promote entrepreneurship development and to contribute to productive enterprises for a sustainable, growing and inclusive economy. It aims at changing the attitudes, intentions and behaviour of students and the community to venture into entrepreneurial activities. This is an important Programme that ensures that candidates acquire a skill and are able to start a business venture to create wealth instead of looking for employment or stay unemployed. Currently the CfE Programme is implemented by 10 colleges and the Rapid Incubation Model that seeks to support the technology related innovations by students in these colleges and has been launched in 10 of these incubators.

vi. The Department is also collaborating with other entrepreneurship ecosystem role-players to further develop an enabling environment and improve the entrepreneurship and improve its TEA rate. Some of these role-players include Global Entrepreneurship Network, Industrial Development Corporation, and other reputable and internationally recognised institutions.

vii. To further enhance entrepreneurship development, the micro franchising concept presents affordable, local, tried and tested franchise opportunities to small businesses especially those based in townships and rural areas. Further, the Programme seeks to unearth not only South African micro enterprises, but also the Southern African business concepts with potential to be franchised and thus be replicated across the country. This approach bears better likelihood of success as the operational and market characteristics of these establishments would be more of a perfect fit.

viii. Government Programmes like the Operations Phakisa present real business opportunities for entrepreneurs. Through the entrepreneurship development Unit the Department will pay a particular focus on studying the value chains in these Phakisa's with the purpose of identifying and advocating for ring-fencing of certain opportunities for small businesses and co-operatives.

ix. To support the implementation of government policy on the 30% set-aside for small businesses and co-operatives, the Department is working on the enterprise and supplier development programmes in partnership with its agency (Seda). The ultimate objective is to ensure that small businesses have capacity to supply goods and services that meet specifications to the state and the private sector. An enterprise and supplier development framework is being drafted by the Department and consultations are taking place with key private and public sector stakeholders in this regard.

PART C: LINKS TO OTHER PLANS

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

Not applicable to the Department of Small Business Development.

9. CONDITIONAL GRANTS

Not applicable to the Department of Small Business Development.

10. PUBLIC ENTITIES

Two Public Entities report to the Minister through defined governance arrangements, allowing some autonomy to fulfil their mandates. The Agencies serve as an extension of and assist the Department of Small Business Development in delivering its mandate: the Small Enterprise Development Agency (SEDA) and the Small Enterprise Finance Agency (SEFA), responsible for non-financial and financial business support services, respectively.

Public Entities reporting to the Minister Small Business Development

Name of Public Entity	Enabling Legislation	Mandate and Purpose	Monitoring and Evaluation	Transfer to Public Entity (R'000.00)	
				2018/19	2019/20
Small Enterprise Development Agency (SEDA)	National Small Enterprise Act 1996, (No.102 of 1996), as amended.	SEDA provides non-financial business development and support services for small enterprises, in partnership with other role players in the small business development environment. The mission of SEDA is to develop, support and promote small enterprises to ensure their growth and sustainability.	Performance evaluation is undertaken on a quarterly basis.	R840 089	R867 763
Small Enterprise Finance Agency (SEFA)	Section 3 (d) of the Industrial Development Corporation Act, No. 22 of	SEFA supports the development of sustainable SMMEs through the provision of finance.	Performance evaluation is undertaken on a quarterly basis.	N/A	R1 000 000

Name of Public Entity	Enabling Legislation	Mandate and Purpose	Monitoring and Evaluation	Transfer to Public Entity (R'000.00)	
				2018/19	2019/20
	1940 (Industrial Development Corporation (IDC) Act).	The mission of SEFA is to provide access to finance to Survivalist, Micro, Small and Medium businesses throughout South Africa.			

11. MONITORING OF DSBD PUBLIC ENTITIES

The Minister signs Shareholders Compacts with all the Chairpersons of Boards and these Compacts are monitored quarterly through the submission of quarterly reports by entities. These reports are appraised by the Department through an analysis process and feedback is given to entities for possible interventions where necessary.

12. PUBLIC-PRIVATE PARTNERSHIPS

Not applicable to the Department of Small Business Development at this stage.

13. MATERIALITY FRAMEWORK

In terms of Treasury Regulations, it is hereby stated that the Department of Small Business Development has a Materiality Framework in place.

14. ANNEXURE A: AMENDMENT TO THE REVISED 2015 - 2019 STRATEGIC PLAN

14.1 Strategic Goals

REFLECTED IN THE REVISE 2015 – 2019 STRATEGIC PLAN	REFLECTED AS AMENDED IN THE 2019/20 ANNUAL PERFORMANCE PLAN
PROGRAMME 4: Enterprise Development and Entrepreneurship	
3. Sound governance and the optimal utilisation of available resources.	The Strategic Goal is no longer part of Programme 4 Strategic Goals. The Strategic Objective it was linked to ***"Sound Institutional governance and oversight of the Small Business Development Portfolio"*** has been moved to the Operational Plan: the Department managed to establish and strengthen functional governance structures together with the Agencies in the 2017/18 – 2018/19 financial years.
4. An enhanced contribution to socio-economic	The Strategic Goal is no longer part of Programme 4 Strategic Goals.

REFLECTED IN THE REVISE 2015 – 2019 STRATEGIC PLAN	REFLECTED AS AMENDED IN THE 2019/20 ANNUAL PERFORMANCE PLAN
development outcomes by the sector.	

14.2 STRATEGIC OBJECTIVES

REFLECTED IN THE REVISE 2015 – 2019 STRATEGIC PLAN	REFLECTED AS AMENDED IN THE 2019/20 ANNUAL PERFORMANCE PLAN
PROGRAMME 1: Administration	
PROGRAMME 2: Sector Policy and Research	
1.1: Reduced regulatory burdens and a conducive legislative and policy environment for SMMEs and co-operatives.	1.1: Reduced regulatory burdens and a conducive legislative and policy environment for SMMEs and co-operatives. No modifications and the strategic objective remain as in relation to SO1.1
1.3: A comprehensive research agenda on key areas of support for SMMEs and co-operatives implemented.	**Strategic Objective revised and read as follows** : 1.2 Provide credible information on the status of the Cooperatives, Village and Township economies
1.4: Strengthened efforts to place SMMEs at the centre of the economic diplomacy agenda.	**Strategic Objective revised and read as follows** *2.1 Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies*
2.1. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing SMMEs	**Strategic Objective revised and read as follows** *2.1 Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies*

REFLECTED IN THE REVISE 2015 – 2019 STRATEGIC PLAN	REFLECTED AS AMENDED IN THE 2019/20 ANNUAL PERFORMANCE PLAN
4.1. Demonstrated progress towards sector-wide SMMEs and co-operatives support achieving its intended socio-economic impact	**Strategic Objective revised and read as follows** *2.1 Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies*
PROGRAMME 3: Integrated Co-operatives Development	
1.2. An integrated approach to planning, monitoring and evaluation of the Co-operatives Sector, to inform policy decision making.	The strategic objective 1.2 deleted and removed from the APP
2.2. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing co-operatives.	**Strategic Objective revised and read as follows** 2.2 Expand access to financial SMMEs through partnerships and innovative service offerings
4.2. Sustainable partnerships to support the SMMEs and co-operatives development agenda.	**Strategic Objective revised and read as follows** *2.1 Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies*
PROGRAMME 4: Enterprise Development and Entrepreneurship	
Sound Institutional governance and oversight of the Small Business Development Portfolio	Strategic Objective has been moved to the Operational Plan: the Department managed to establish and strengthen functional governance structures together with the Agencies in the 2017/18 – 2018/19 financial years.
4.2.b Sustainable partnerships to support the SMME development agenda	**Strategic Objective revised and read as follows** *2.1 Scaled-Up and coordinated support for SMMEs, Cooperatives, Village and Township economies*
2.1. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing SMMEs	**Strategic Objective revised and read as follows** 2.2 *Expand access to financial SMMEs through partnerships and innovative service offerings*

REFLECTED IN THE REVISE 2015 – 2019 STRATEGIC PLAN	REFLECTED AS AMENDED IN THE 2019/20 ANNUAL PERFORMANCE PLAN
5.1. Coordinated development of the skills pool across the sector.	Strategic Objective has been moved to the Operational Plan and to date the department has managed to put together a draft framework of standards for professionalization of Business Advisory service is finalised.