

ANNUAL PERFORMANCE PLAN



2018/19



**small business
development**

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA



small business development

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DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

2018/19 Annual Performance Plan

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FOREWORD BY THE MINISTER OF SMALL BUSINESS DEVELOPMENT



Ms. Lindiwe Zulu, MP

Minister of SMALL BUSINESS DEVELOPMENT

I have pleasure in presenting our Annual Performance Plan (APP) for 2018/19. I am confident that the key goals and priorities that government has identified have found expression in this APP. It posits a roadmap through which the Department seeks to address the felt needs of small businesses and co-operatives.

We have come a long way since the proclamation of our department in July 2014. The establishment of this department signalled a commitment by the democratic government to set the country on a path of radical socio-economic transformation in order to accelerate the nation's efforts to banish poverty, inequality and unemployment.

Since the proclamation of this department by the President in July 2014, we have worked tirelessly in pursuit of the goal of strengthening the SMME sector. We are pursuing this direction because we believe that SMME's and co-operatives can be the main drivers of economic growth, poverty reduction and job creation. Across the globe, experience has shown that SMME's are the heartbeat of stable, growing and better performing economies and a greater source of job creation, economic empowerment and transformation. We remain confident that SMME development will assist us to defeat the key social ills of our time, poverty, inequality and unemployment.

Among other things, this APP reiterates a critical and crucial point – that the growth and development of Small, Medium and Micro Enterprises (SMME's) rest on the collective shoulders of all partners, both within and outside the public sector. This is consistent with my firmly held view that, working alone, the Department will not be able to achieve the goals it has set for itself nor meet the heightened and legitimate expectations of our people. The role of stakeholders and partnerships remain central. In this regard, the APP articulates a simple message: when shared, the burden is lighter!

The National Development Plan envisages that by 2030, 90% of the 11 million jobs will be created through small to medium enterprises. However, the Department cannot achieve this alone. It requires a collective effort from the private sector, civil sector and the public sector. Partnerships with all critical stakeholders remain a fundamental prerequisite.

During the State of the Nation Address in February 2014, the President announced a Nine-Point Plan which seeks to ignite growth and create jobs. We are leading priority intervention seven, which seeks to unlock the potential of SMME's, co-operatives, township and rural enterprises. In order to unlock the potential of SMME's and co-operatives, we identified five critical areas that will drive the development and sustainability of the small business sector, namely, public sector procurement, building market access into private sector value chains, simplifying the policy and regulatory environment, access to finance and support to township and rural economies.

We are keenly aware that if we are to sustain the growth and development of SMME's and co-operatives, we need to ensure a coordinated and integrated approach across all spheres of government. In this regard, our department is focusing on strengthening its working relationships with provinces and municipalities.

Consistent with the action plan on radical economic transformation, we will focus on providing effective support to small businesses, to ease the regulatory and compliance burden on the part of small businesses and to expand access to economic opportunities for historically excluded and vulnerable groups. The department recognises that, in some instances, policies and compliance processes may have the unintended consequences of being a heavy burden that may constrain the growth and development of businesses.

As the political head of the Department, I endorse this 2018/19 Annual Performance Plan and confirm that it is consistent with the recently

developed portfolio strategic framework, which seeks to ensure that small businesses and co-operatives become the mainstay of our economy.



Ms. Lindiwe Zulu, MP

Minister 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 Ms. L. Zulu, the Executive Authority;
- 2) Was prepared in line with the revised Strategic Plan (2015–2019) of the Department of Small Business Development;
- 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 2018/19 financial year.

RECOMMENDED BY:

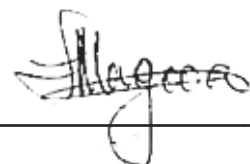


Ms. SM Oosterwyk

28 February 2018

Date

CHIEF FINANCIAL OFFICER

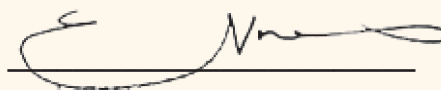


Ms. T Magooa

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Date

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28 February 2018

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Ms. L. Zulu, MP

28 February 2018

Date

MINISTER: SMALL BUSINESS DEVELOPMENT

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ACRONYMS AND ABBREVIATIONS

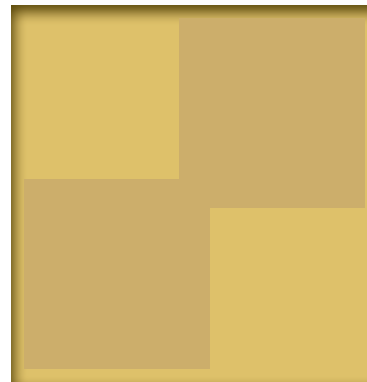
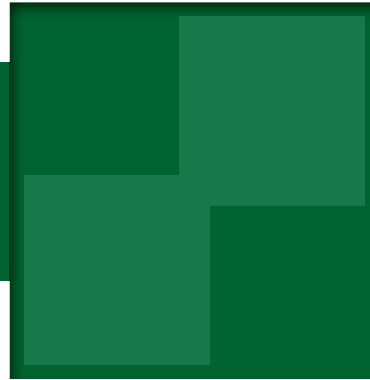
AG	Auditor-General of South Africa
APP	Annual Performance Plan
AU	African Union
BBBEE	Broad-Based Black Economic Empowerment
BBSDP	Black Business Supplier Development Programme
CDA	Co-operatives Development Agency
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIS	Co-operatives Incentive Scheme
COGTA	Department of Co-operative Governance and Traditional Affairs
Co-ops	Co-operatives
DDG	Deputy Director-General
DFI	Development Finance Institution
DG	Director-General
DHE	Department of Higher Education
DHS	Department of Human Settlements
DIRCO	Department of International Relations and Cooperative Governance
DPME	Department of Performance Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DRDLR	Department of Rural Development and Land Reform
DSBD	Department of Small Business Development

DST	Department of Science and Technology
EDD	Economic Development Department
EIP	Enterprise Incubation Programme
Exco	Executive Committee
FDI	Foreign Direct Investment
GCIS	Government Communications and Information Service
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
GP	Gauteng Province
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IGR	Inter-Governmental Relations
ILO	International Labour Organisation
IMC	Inter Ministerial Committee
IMEDP	Informal and Micro Enterprise Development Programme
IMF	International Monetary Fund
IPAP	Industrial Policy Action Plan
IR	International Relations

KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
M&E	Monitoring and Evaluation
MerSETA	Manufacturing, Engineering and Related Services SETA
MINMEC	Ministers and Members of Executive Council
MOA/U	Memorandum of Agreement/Understanding
MPAT	Management Performance Assessment Tool
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan, Vision 2030
NGO	Non-Governmental Organisation
NIBUS	National Informal Business Upliftment Strategy
NIPF	National Industrial Policy Framework
NPC	National Planning Commission
NSB	National Small Business
NT	National Treasury
PWD	People With Disabilities
PFMA	Public Finance Management Act
R&D	Research and Development

SADC	South African Development Community
SALGA	South African Local Government Association
SDIP	Service Delivery Improvement Plan
Seda	Small Enterprise Development Agency
sefa	Small Enterprise Finance Agency
SEIAS	Socio-economic Impact Assessment System
SEIF	Shared Economic Infrastructure Facility
SESE	Survey of Employers and the Self-Employed
SETA	Sector Education and Training Authority
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMART	Specific, Measureable, Achievable, Realistic and Time-bound
SMME's	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
UN	United Nations
WSP	Workplace Skills Plan
WTO	World Trade Organisation

STRATEGIC OVERVIEW



PART A

PART A: STRATEGIC OVERVIEW

The National Development Plan, Vision 2030 (2012) (NDP) ascribes a critical role to SMME's (including co-operatives) in contributing to the growth of the South African economy, and towards eliminating inequality and reducing poverty. It views SMME's and co-operatives as economic empowerment vehicles for the historically disadvantaged, 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 SMME's as assessed through an increased contribution by the sector to 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 SMME's; and ensure policy coherence through partnerships among key societal players, business and government.

However, it is recognised that in South Africa, the majority of SMME's 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 R&D capacity among SMME's, which could help in transforming ideas into sustainable businesses.
- 7) Lower levels of entrepreneurship and low skills level in enterprise; financial and business management by SMME's and co-operatives.

In response to these challenges and conceptualised as a voice dedicated to the cause of SMME's that must ensure the aspirations of SMME's are responded to, the Department of Small Business Development (DSBD) was established as a standalone national department in accordance with the reorganisation of some national departments announced by the President in May 2014, following the national elections.

As the Small Business Development Portfolio (DSBD, Seda and sefa) planning approach has matured in the period since 2014, a revised Strategic Plan for the Department of Small Business Development (2017/18–2019/20) was developed in 2016/17, which articulates the contribution of the DSBD within the context of the Portfolio Strategic Framework and will inform the DSBD Annual Performance Plans for the period to the end of the current term, in 2019/20.

During the period May 2017 to January 2018, the Small Business Development Portfolio embarked on a process to critically examine progress in terms of its strategic posture and direction in line with its mandate, and the shifts in the environment which have an impact on its planning and programme delivery.

Arising from this planning process and in line with the legislative requirements in terms of the Public Finance Management Act (PFMA), 1999, Treasury Regulations and other legislative prescripts, the DSBD has developed this Annual Performance Plan as the penultimate plan for implementing the goals and strategic objectives outlined in the revised 2017-2020 Strategic Plan.

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



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 SMME's and co-operatives.	1.1 Reduced regulatory burdens and a conducive legislative and policy environment for SMME's and co-operatives. 1.2.a. An integrated approach to planning, monitoring and evaluation of the Co-operatives Sector, to inform policy decision making. 1.2.b. An integrated approach to planning, monitoring and evaluation of the SMME's development sector, to inform policy decision making. 1.3. A comprehensive research agenda on key areas of support for SMME's and co-operatives implemented. 1.4. Strengthened efforts to place SMME's at the centre of the economic diplomacy agenda.
2. Equitable access to responsive and targeted products and services that enable the growth and development of SMME's and co-operatives.	2.1.a. Oversight and coordination of the design and implementation of targeted financial support programmes to support new and existing co-operatives. 2.1.b. Oversight and coordination of the design and implementation of targeted financial support programmes to support new and existing SMME's. 2.2.a. Oversight and coordination of the design and implementation of targeted non-financial support programmes to support new and existing co-operatives. 2.2.b. Oversight and coordination of the design and implementation of targeted non-financial support programmes to support new and existing SMME's.
3. Sound governance and the optimal utilisation of available resources.	3.1 Compliance and good governance ensured. 3.2 Sound institutional governance and oversight of the SBD Portfolio entities. 3.3. Efficient, integrated and streamlined business processes and systems.
4. An enhanced contribution to socio-economic development outcomes by the sector.	4.1. Demonstrated progress towards sector-wide SMME's and co-operatives support achieving its intended socio-economic impact. 4.2.a. Sustainable partnerships to support the co-operatives development agenda. 4.2.b. Sustainable partnerships to support the SMME development agenda. 4.3. Informed and empowered communities and a responsive department.
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.

The values and principles that underpin the DSBD's pursuit of its vision and mission are shared across the three entities and are predicated on the principles of Batho-Pele as follows:

VALUES	
Innovation	<p>Living this value means that we will seek to:</p> <ul style="list-style-type: none"> • Display a commitment to being “radical” in what we do; • Foster innovative ideas and solutions in order to deliver exceptional results; and • Continuously seek new and better ways to serve our clients.
Integrity	<p>Living this value means that we will seek to:</p> <ul style="list-style-type: none"> • Consistently honour our commitments; • Uphold ethical, honest behaviour; • Ensure open and transparent communication; and • Behave with integrity in all our actions, always acting in the best interest of the organisation.
Professionalism	<p>Living this value means that we will seek to:</p> <ul style="list-style-type: none"> • Serve with utmost respect, competence and professional mannerism; • Display punctuality, reliability, dependability and a commitment to meet deadlines; and • Cooperate with all role players.
Customer Centric	<p>Living this value means that we will seek to:</p> <ul style="list-style-type: none"> • Place customer service excellence at the centre of everything we do; • Create a nurturing environment by partnering with our clients and employees, and in the way in which we care and support them; • Always be available and accessible in providing public services to our society; and • Understand customer needs and respond timeously, efficiently and effectively to customer queries and requests.
Commitment	<p>Living this value means that we will seek to:</p> <ul style="list-style-type: none"> • Do what is needed to get the work done; • Be selfless, resolute, purposeful and steadfast; • Be committed to efforts of job creation, alleviating poverty and reducing inequality; and • Display a solution-driven attitude and commitment to serve.

1. UPDATED SITUATIONAL ANALYSIS

A detailed situational and performance environment analysis was conducted in developing the SBD Portfolio Strategic Framework and aligned DSBD Strategic Plan (2016/17–2019/20), to which this Annual Performance Plan is aligned. Discussed below are the salient external and internal environment shifts influencing DSBD's performance and 2018/19 performance plan and targets.

1.1 PERFORMANCE DELIVERY ENVIRONMENT

1.1.1 GLOBAL AND REGIONAL ECONOMIC OUTLOOK

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

The impact of US tax policy is expected to stimulate business activity in the short term, largely through increased investment arising from corporate income tax cuts, and US growth is thus expected to be positive for the foreseeable future. However, lower growth is projected post 2020. In the short term, the effect of tax changes on the US and its trading partners accounts for approximately half of the cumulative revision to global growth in 2018 and 2019.

The global upswing continues to strengthen, with 120 economies accounting for three quarters of world GDP and recording increases in growth in year-on-year terms in 2017. Growth in the third quarter of 2017 in Germany, Japan, Korea, and the United States exceeded projections and

are expected to rise further. Growth rates for other euro area economies have been marked up, especially for Germany, Italy, and the Netherlands, reflecting the stronger momentum in domestic demand and higher external demand. The U.S. growth forecast has been raised from 2.3% to 2.7% in 2018, and from 1.9% to 2.5% in 2019.

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

- Emerging and developing Asia will grow at around 6.5% - similar to its 2017 levels
- Emerging and developing Europe should remain strong in excess of 5% growth buoyed by higher growth forecasts for Poland and especially Turkey.
- The recovery in Latin America is expected to continue with growth of 1.9% in 2018 and an upward shift of 0.2% to 2.6% in 2019. This largely due to an improved outlook for Mexico through increased US demand and a firmer recovery on Brazil.
- The Middle East, North Africa, Afghanistan, and Pakistan region is also expected to improve in 2018 and 2019, but projections remain at 3.5%
- Growth in Sub-Saharan Africa (from 2.7% in 2017 to 3.3% in 2018 and 3.5% in 2019) is in line with 2017 projections. The growth forecast for Nigeria is improved slightly. Growth prospects in South Africa remain subdued and is expected to remain below 1% in 2018–19, attributable to increased political uncertainty and its impact on confidence and investment.

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

However, binding structural impediments such as low productivity growth, high income inequality, geopolitical risks and the turn toward protectionist policies of certain advanced economies continue to hold back a stronger recovery. While overall growth prospects for emerging market and developing economies remains strong, at 4.6% and 4.9% in 2017 and 2018², driven by emerging Asia and emerging Europe, prospects for many other emerging market and developing economies in sub-Saharan Africa, the Middle East and Latin America are lacklustre, with several experiencing stagnant per capita incomes. Fuel exporters are particularly hard hit by the protracted adjustment to lower commodity revenues.

Off a low growth rate of 1.4% in 2016, growth momentum in sub-Saharan Africa remains fragile, with a revised projected growth rate of 2.7% in 2017, 3.3% in 2018 and 3.5% in 2019³. The growth, however, is barely positive territory in per capita terms for the region as a whole and remains negative for about a third of the countries in the region. The slight upward revision to the 2017 growth forecast is mainly due to a recovery in oil production in Nigeria and strong agricultural production in South Africa. Fuel importers, Ethiopia and Kenya are expected to grow robustly at 8.5% and 5% respectively, boosted by domestic demand and infrastructure spending.

Greater regional integration is required to take advantage of the pockets of strong growth⁴, particularly in stimulating the growth and development of small and medium enterprises as the engines for job creation.

1.1.2 THE SOUTH AFRICAN ECONOMY

Although South Africa remains a top destination for foreign direct investment (FDI), attracting the bulk of FDI projects destined for the continent at a share of 20.6% of all investments, elevated political uncertainty, weak consumer and business confidence, and weak domestic demand continue to restrain South Africa's growth prospects. As reflected in the figure below, business

confidence is approaching 2008-2010 financial crisis levels. The heightened risk premium has seen a decline in investment by 3.9% in 2016/17, with significant falls in mining and manufacturing⁵.

South Africa's vulnerability to external conditions, combined with the aforementioned domestic challenges means the country's growth outlook remains subdued at 0.7% in 2017 and 1.1% in 2018⁶, despite more favourable commodity export prices and strong agricultural production.

Following two consecutive quarters of contraction in the economy due to negative growth, South Africa exited technical recession in the second quarter of 2017 with a 2.5% quarter on quarter growth rate. The agricultural sector was the biggest contributor to the growth, having increased output from 22.2% in the first quarter to 33.6% in the second quarter. Although growth in mining declined from 12.8% in the first quarter to 3.9% in the second quarter, it remains the second biggest contributor to South Africa's GDP and contributed 0.5 percentage points to the growth. Output in finance, real estate and business services increased by 2.5% and contributed 0.3 percentage points to the growth rate⁷.

While there are pockets of positive growth, growth prospects for South Africa remain muted, including the possibility a protracted period of low growth, which is dependent on a number of internal and external factors, including⁸:

- 1) Local currency credit ratings downgrade may lead to exclusion of SA from WIGBI bond index, which could see sharp capital outflows;
- 2) A reversal in global sentiment might have adverse implications for emerging markets, including South Africa;

⁵ National Treasury, Macro environment and challenges facing government, November 2017

⁶ International Monetary Fund, World Economic Outlook Update Report, October 2017, and National Treasury Forecasts

⁷ National Treasury, Macro environment and challenges facing government, November 2017

⁸ National Treasury, Macro environment and challenges facing government – presented at the annual Presidency Strategic Planning Session, November 2017

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

³ International Monetary Fund, World Economic Outlook Update Report, October 2018

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

- 3) Addressing the structural faults in the South African economy, particularly poor educational outcomes that perpetuate inherited disadvantage, low levels of labour intensive growth, the skills shortage, spatial fragmentation of the urban landscape and travel costs, highly concentrated industrial structures, limited competition and high barriers to entry, and inefficient public monopolies imposing a high cost structure for network infrastructure;
- 4) Long swings in commodity prices (currently tending towards a downward phase); and
- 5) A collapse in consumer and business confidence leading to a contraction in private investment and consumption demand.

The overall low growth forecast means that it is unlikely that South Africa will achieve the MTSF 2014-2019 target of 6% growth by 2019; the rate required to ensure the economy creates the jobs needed to achieve the NDP target of 11 million new jobs by 2030. For the small business development sector, led by DSBD, the pressure to realise the NDP target that 90% of jobs should be created by SMME and co-operatives is thus intensified. This is particularly vital when considering the rise in South Africa's unemployment rate to 27.7% in the first quarter of 2017, a level that has remained unchanged through to the third quarter of 2017⁹, and includes youth unemployment exceeding 54%.

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

economic impact of further expenditure cuts or tax hikes could be counter-productive. The impact includes¹⁰:

- 1) Gross national debt is projected to reach over 60% of GDP by 2022;
- 2) The National Treasury estimates that stabilising gross debt below 60% of GDP over the coming decade will require spending cuts or tax hikes amounting to 0.8% of GDP. In 2018/19, 0.8% of GDP would amount to R40 billion;
- 3) The public-service wage bill has increasingly crowded out other areas of spending, including complementary inputs that public servants need to do their work;
- 4) Several years of fiscal constraints have left funding gaps in a number of programmes;
- 5) Unpaid accounts are building up, particularly in provincial health budgets;
- 6) Infrastructure projects that are poorly designed or not effectively delivered have resulted in high operating deficits, with insufficient allocations for maintenance.

Therefore, without resolute action to cut wasteful and inefficient spending, there is a growing danger that the most vulnerable citizens will suffer the effects of fiscal consolidation. As emphasised by the President in SONA, budget cuts are a reality, providing an opportunity to streamline government operations to be lean and more efficient, and to partner and collaborate like never before – across government and with external stakeholders.

Under these constrained conditions it is, therefore, vital to ask some hard questions and respond in planning:

9 StatsSA, Quarterly Labour Force Survey, Quarter 3, 2017

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

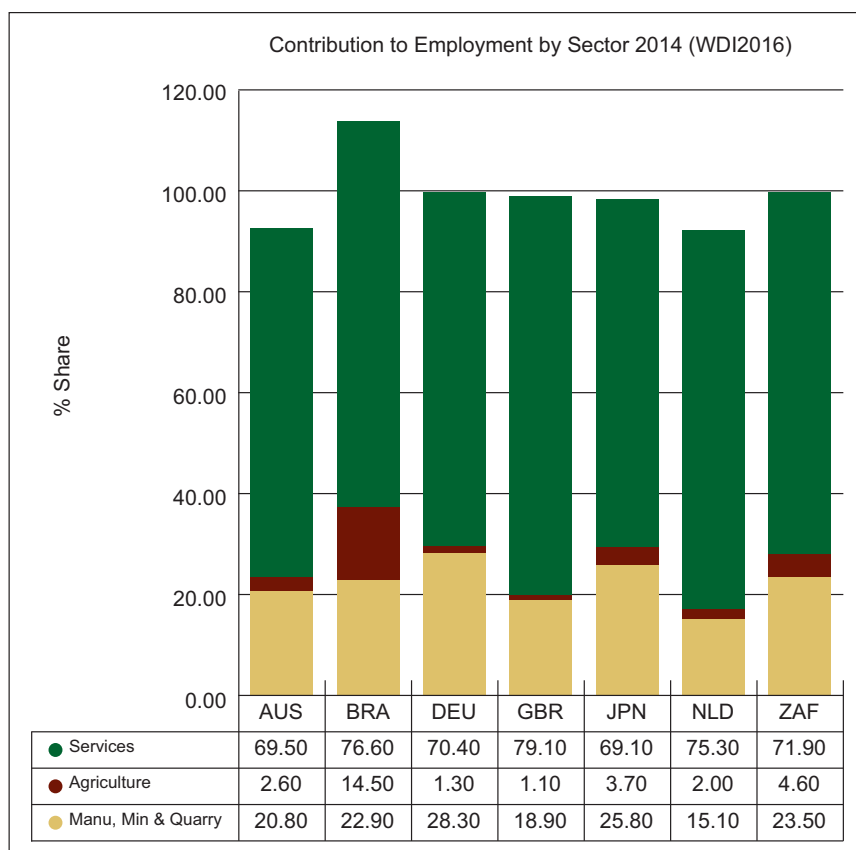
- 1) What kind of conditions are necessary/sufficient for the economy to turn around and create a million jobs per annum, acknowledging that the NDP postures that 90% of the 11 million new jobs by 2030 needs to be generated by small and medium size businesses.
- 2) The issue of DSBD being a connector is vital, considering that approximately R15.5 billion is spent annually by government on small business programmes – how does DSBD connect with these government programmes and effectively lead and mobilise government resources in order to ensure the desired impact is realised?
- 3) How does DSBD become more analytical and forward looking, using and modelling statistics to inform its planning approach and to ensure that programmes are responsive to the gaps identified by statistical data?
- 4) What about sector prioritisation and making meaningful impact in industries most suitable for small and medium sized businesses to grow and develop?
- 5) What about demographics and approaches to addressing the support needed by SMME's and co-operatives owned by women, youth and people with disabilities?

DSBD is a key role player in the two notable government plans to reverse the negative economic outlook and support economic growth, namely, the 9-Point Plan announced by the President of South Africa in SONA 2015 and most recently, the 14-Point Plan pronounced upon by the Minister of Finance in July 2017. Specifically, DSBD is responsible for “unlocking of the potential of small, medium and micro enterprises, co-operatives and township enterprises” outlined in the 9-Point Plan and for support to the “establishment of a small business fund for ideation and start-ups” as one of the initiatives of the 14-Point Plan.

1.1.3 THE PERFORMANCE OF SECTORS AND INDUSTRIES

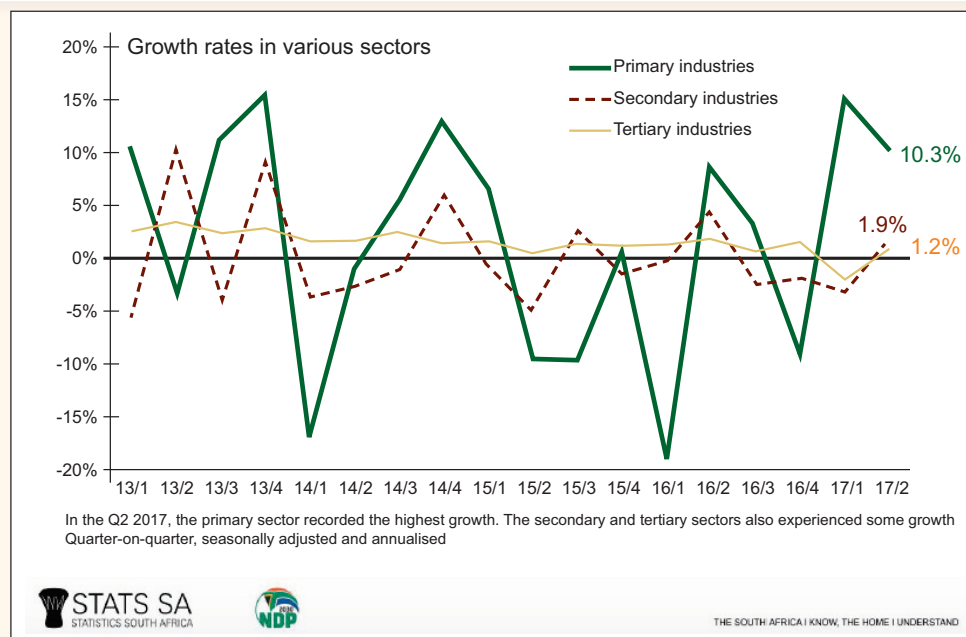
There has been a steady recovery since the 2009 economic crisis, led by services. The 2016 World Development Indicators show that the services sector accounted for almost 71% of global GDP in 2014.

According to the International Labour Organisation, more than 61 million jobs have been lost since the start of the global crisis in 2008 and they project that by 2019 more than 212 million people will be out of work, up from the current 201 million. Services continue to contribute to the bulk of global employment, especially in developed economies. As highlighted in the figure below, services accounted for almost 72% of employment in South Africa in 2014 (WDI 2016).



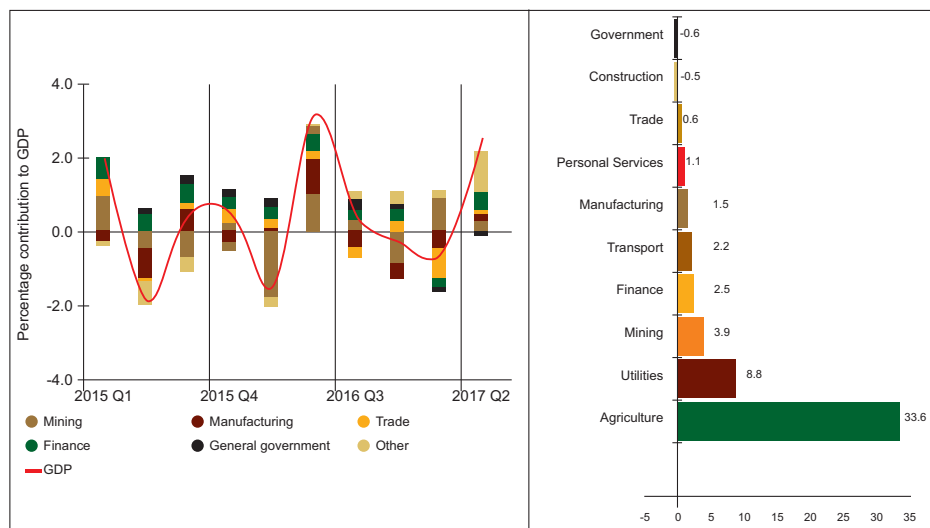
The figure below then reflects the latest available GDP data from StatsSA, highlighting that tertiary industries (services sector) have consistently experienced positive growth, continuing the long range historical trend. In fact, the negative growth of 2% in the first quarter of 2017 is the first time there has been negative growth in tertiary industries since the second quarter of 2009. Primary and secondary industries are much more susceptible to extraneous factors and thus more volatile.

Growth rates in various sectors (1st Quarter 2013 to 2nd Quarter 2017)



Following the negative growth in the tertiary and secondary sectors in the first quarter of 2017, the two sectors grew by 1.2% and 1.9% respectively in the second quarter of 2017. Growth in the primary sector eased from the high of 14.9% in the first quarter to 10.3% in the second quarter of 2017. The industry contributors to sector performance and GDP growth in the second quarter of 2017 are highlighted in the figure below, the biggest contributors being agriculture (33.6%), Utilities (8.8%) and mining (3.9%). Declines were experienced in construction (-0.5%) and government (-0.6%).

Sector contribution to GDP Growth – 2nd Quarter, 2017



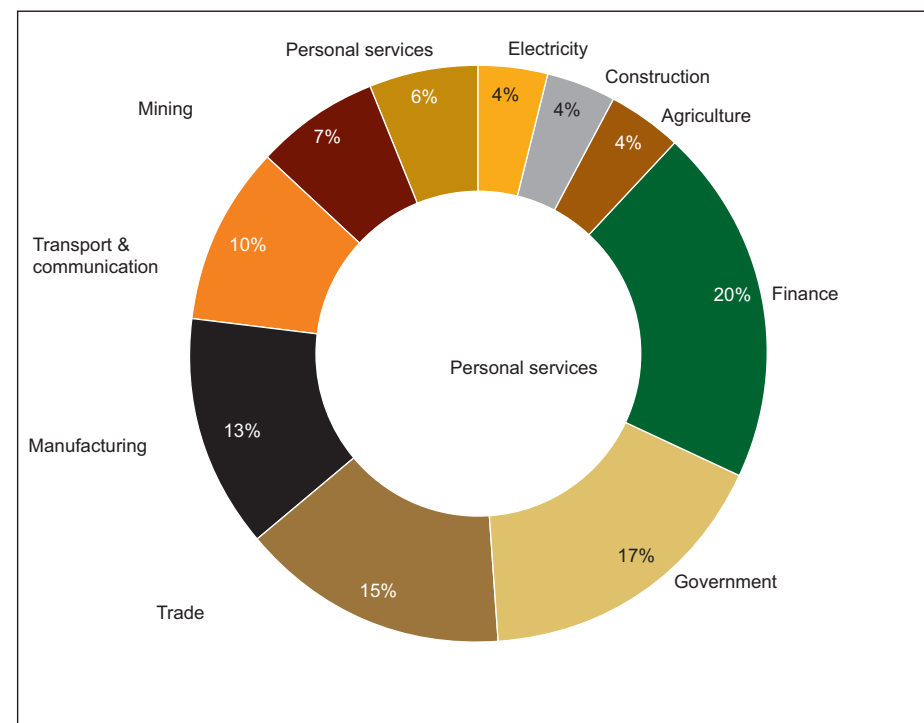
Source: National Treasury, Q2 2017

The next figure illustrates the nominal contribution of each sector to the GDP of South Africa (Q2 2017), overall led by services – finance, government, trade, transport, communication and personal services. Manufacturing accounts for 13% and agriculture 4% (up from 3% in Q1 2017).

In rand terms, nominal GDP for the second quarter increased by R37 billion to R1.145 trillion, with increased contributions as follows:

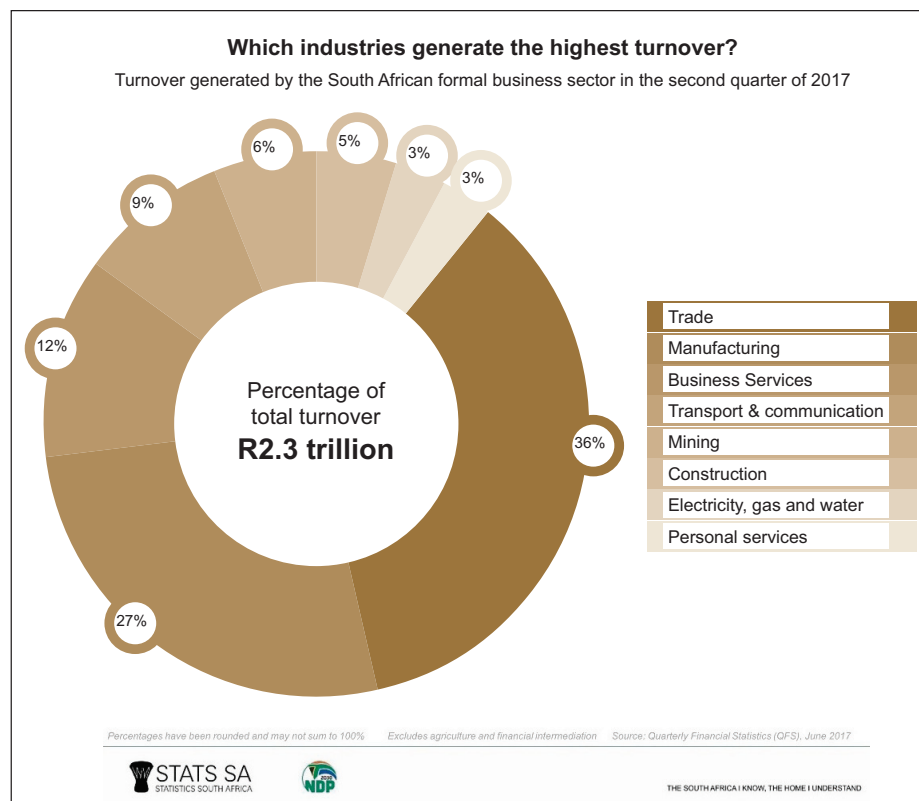
- 1) Agriculture was up by R15 billion to R40 billion;
- 2) Electricity was up by R10 billion to R46 billion;
- 3) Government was up by R7 billion to R181 billion; and
- 4) Trade was up by R5 billion to R153 billion.

Shares of nominal GDP, 2nd Quarter 2017



The formal business sector, excluding agriculture and financial intermediation, generated R2.3 trillion in turnover during the second quarter of 2017, representing a 2.5% increase on the R2.25 trillion in the first quarter. The trade sector was the largest contributor at 35%, followed by manufacturing at 27%, business services at 12%, transport and communication at 9%, mining at 6%, construction at 5% and electricity, gas and water at 3%¹¹:

11 StatsSA, Quarterly Financial Statistics (QFS), Q2 2017



In summary, the sector trend analysis reflects:

- 1) All sectors realised positive growth in the second quarter of 2017 – primary (10.3%), secondary (1.9%) and tertiary (1.2%), as compared to the first quarter in which both the secondary and tertiary sector experienced negative growth;
- 2) Mining and Agriculture contributed significantly to the overall GDP performance;
- 3) Manufacturing rebounded from recession, due to production increases

in food and beverages and motor vehicles;

- 4) Growth in trade was significant at 4.7%, driven by households consumption expenditure. Significant spending was experienced in clothing and footwear (26.7%), household equipment (11.1%), and food and non-alcohol beverages (10.1%);
- 5) However, households' expenditure on restaurants and hotels declined for the second consecutive quarter – households are continuing to cut down on entertainment and luxury items; and
- 6) The construction industry entered into a technical recession, after declining for the second consecutive quarter. Construction of non-residential buildings has been experiencing negative growth since the second quarter of 2015, activity in construction works and residential buildings declined by -1% and -13% respectively, and there has been low investment by private business enterprises (6.9%) and public corporations (3.1%).

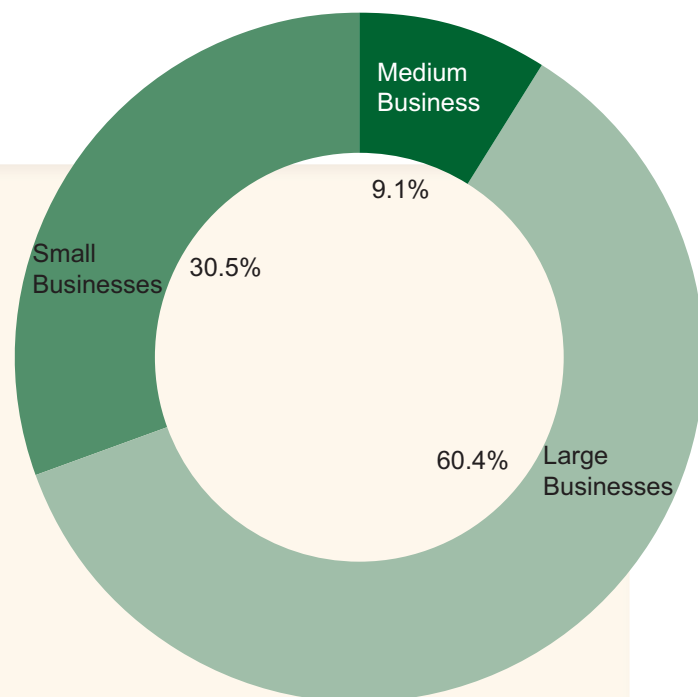
Considering these factors and trends, the question for DSBD and the sector that it leads is in which sectors should the SBD prioritise its SMME and co-operatives development interventions. Such question is not raised in isolation and needs to be considered against the interventions of all role-players and, in particular, the IPAP incentive focus of the dti, which is largely concentrated on secondary industries, at 88% of the available incentive budget per annum, with tertiary at 10% and the remaining 2% on a combination of primary and primary/secondary industries.

1.1.4 EMERGING SMALL BUSINESS AND CO-OPERATIVES DEVELOPMENT FACTORS AND TRENDS

As postured in the situational analysis of the DSBD Strategic Plan, small businesses have an important role to play in the South African economy in terms of employment creation, income generation and output growth.

They are often the vehicle by which the people with the lowest incomes gain access to economic opportunities, thereby addressing the economic challenges that they are facing.

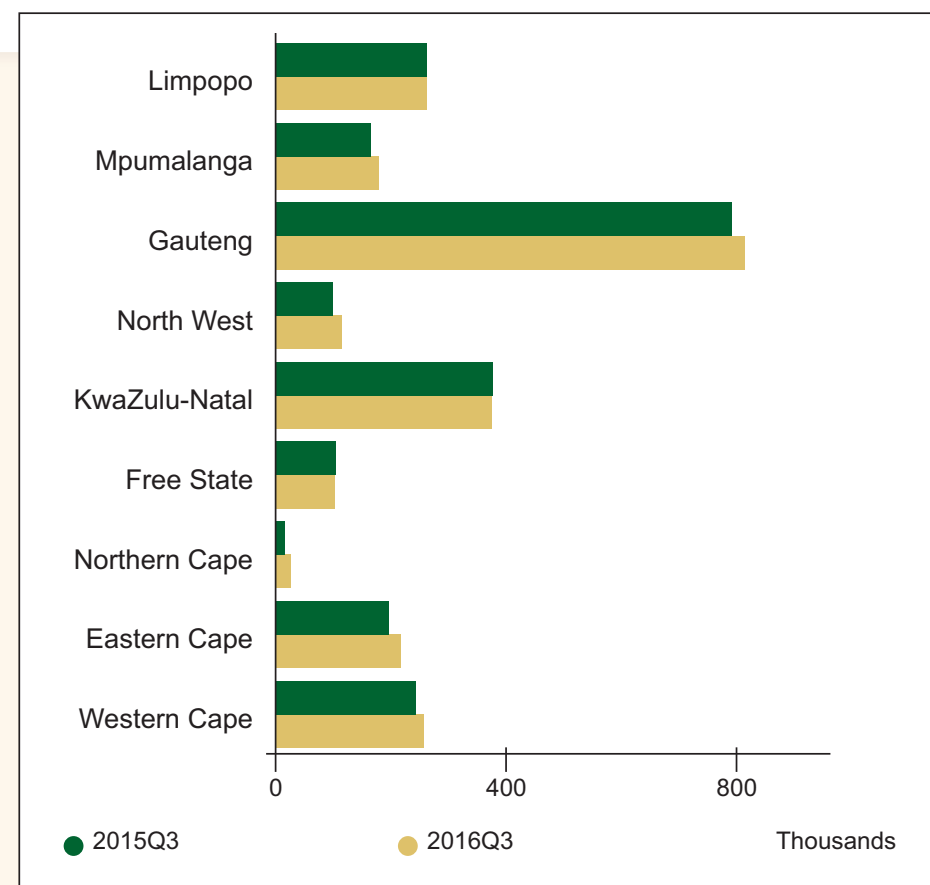
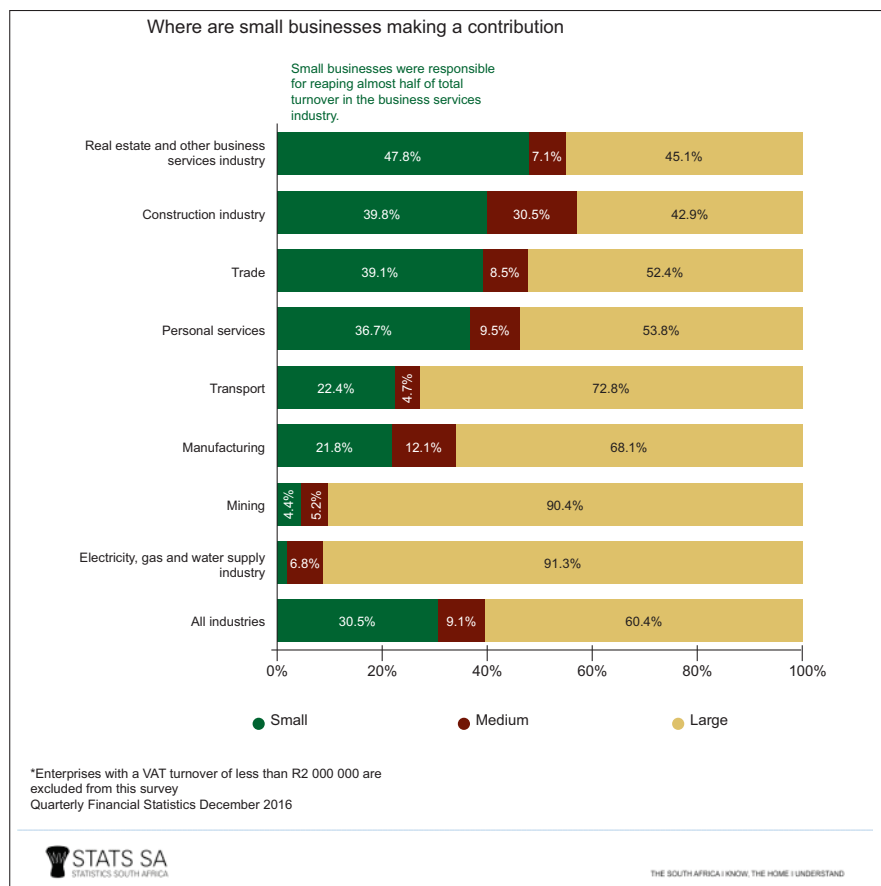
The figure below reflects the significant contribution of registered small and medium enterprises to the total turnover of the private sector. Large businesses contributed almost two-thirds (60%) to this total, followed by small (31%) and medium businesses (9%). The breakdown is based on the total turnover of R2.3 trillion generated by the private sector in the fourth quarter of 2016¹².



Source: Calculated by StatsSA from Quarterly Financial Statistics, December 2016

As highlighted by StatsSA, certain industries are historically more conducive to small business operations. The figure below illustrates that small businesses in the fourth quarter of 2016 contributed almost 48% to the real estate and other business services industry. Significant contributions were also made in the other service industries, as well as in the construction industry (39.8%). Medium sized businesses made their biggest contribution in the construction industry which, combined with small businesses, accounted for over 57% of turnover in the construction industry. Large businesses remain dominant in transport, manufacturing, mining and electricity, gas and water supply where the barriers to entry are significantly higher than in the services and construction industry.

¹² StatsSA, "Entrepreneurship and Small Business", Presentation to SBD Strategic Planning Session, 6 July 2017



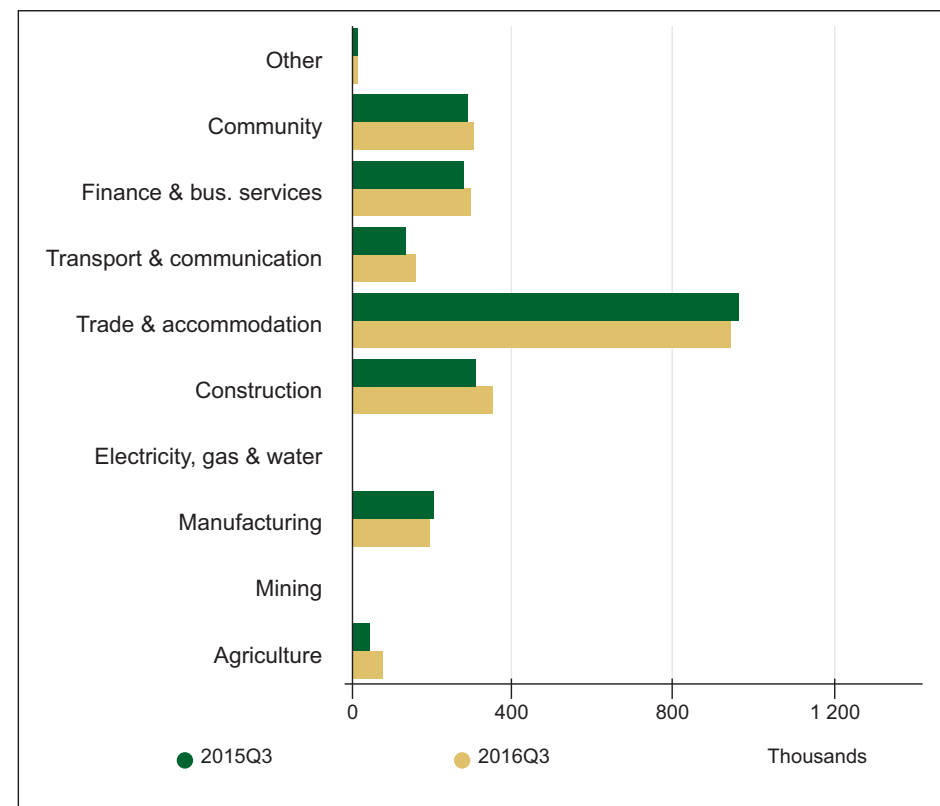
The number of SMME's in South Africa continues to trend upwards and by Q3 2016 the total number of SMME's had increased to 2.34 million, a 4% year-on-year increase on the 2.25 million SMME's in Q3 2015. As illustrated in the below figure, over 800 000 (35%) of the SMME's are concentrated in the most populous and fastest growing province, Gauteng.

Source: BER, Stellenbosch University, (StatsSA data)

Over the same period, formal sector SMME's increased by 0.7%, while informal sector SMME's increased by 3.7%, further highlighting the direct linkage between unemployment and the formation of informal businesses – necessity-driven entrepreneurship over opportunity-driven entrepreneurship as defined by the Global Entrepreneurship Monitor (GEM). This is in line with the last Survey of Employers and the Self-Employed (SESE) conducted in 2013, which found that 69.2% of people that decided to start an informal

business, did so due to unemployment and having no alternative source of income. The results of a recent Township Economy Survey conducted by the Gauteng Economic Development Department found that, largely due to high unemployment and job losses in key sectors of the economy, indications are that the informal sector is growing faster than the formal sector, having increased employment by 11% compared to 5% in the formal sector in Gauteng.

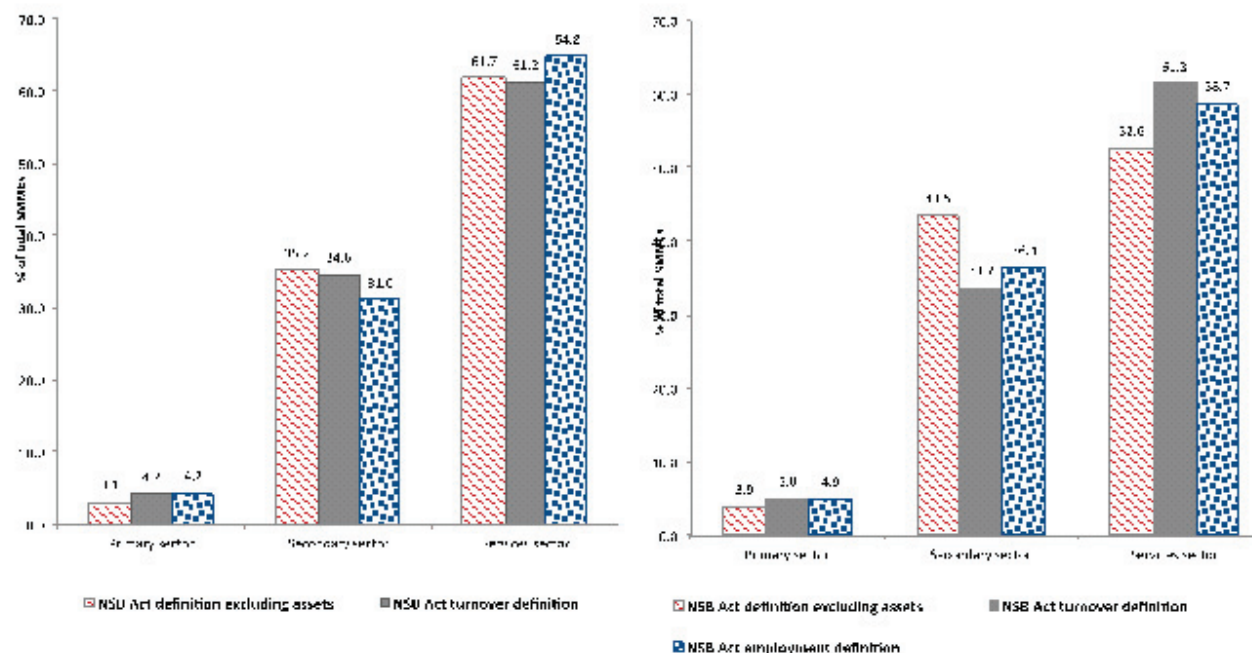
Reflected in the below figure, over the period Q3 2015 – Q3 2016, SMME's in services fell by an average of 2.7%, primarily due to a drop in the number of SMME's in the largest services industry – trade and accommodation. However, there were increases in the number of SMME's in the other service industries. Both the construction and the agricultural sector realised net increases in the number of SMME's, while less SMME's were found to be operating in the manufacturing industry. Overall, the percentage of black owned formal SMME's remained the same at 71.8%.



Source: BER, Stellenbosch University, (StatsSA data)

A study conducted by National Treasury provides the following insight in terms of the distribution of SMME's/employment by SMME's by NSB Act definition and sector, clearly highlighting that SMME's are most dominant in the tertiary (services) sector, followed by the secondary sector.

NT Study: Distribution of SMMEs/Employment by SMMEs



Considering the factors and trends in the SMME and co-operatives development space, DSBD and the portfolio has determined that the highest impact can be made in the services industries and thus the development of a Services Industries Policy framework and Action Plan has been prioritised for development in 2017/18, and implementation in 2018/19. The Framework is aimed at complementing the Industrial Policy Action Plan (IPAP) and to ensure a concerted, comprehensive optimal growth of the South African economy, as well as exponential growth in job creation and employment through small and medium enterprises. The following sectors have been selected for prioritisation:

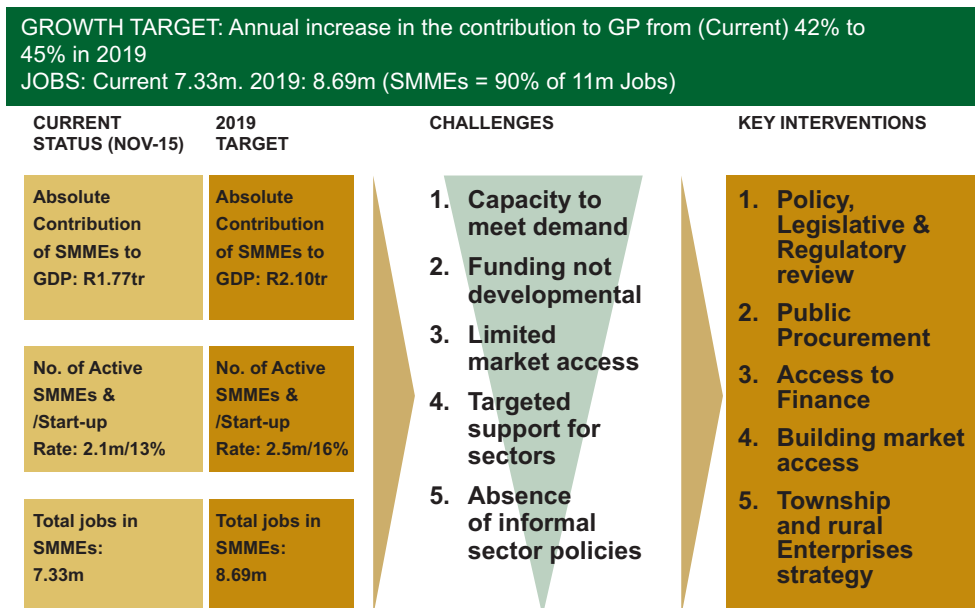
- 1) Trade (Wholesale and Retail Trade);
- 2) Business Services;
- 3) Construction;
- 4) Transport, Storage and Communications;
- 5) Personal Services.

The sectors are to be clustered as follows:

- 1) Trade, Business and Personal Services;
- 2) Construction, Transport and Storage;
- 3) Creative Industries and Communications;
- 4) NIPF/IPAP Integration Projects.

1.1.5 DSBD PERFORMANCE TRENDS AND CONSIDERATIONS

Aligned to the Small Business Development Strategic Framework, the performance focus of DSBD within the policy context of the NDP, the 9-Point Plan, NIBUS and a range of other supportive strategies and policies is consolidated in the following figure:



DSBD's core role in terms of the above is broadly in two areas:

- 1) SMME and co-operatives research, legislation and policy development; and
- 2) SMME and co-operatives programme design and support.

Actual implementation of the programmes is the responsibility of the DSBD agencies – Seda and SEFA, while DSBD is the connector and coordinator of stakeholders across the sector and government.

Newly established via Proclamation by the President in 2014/15 for the 2014-2019 MTSF period, DSBD continued to operate through a Cooperation Agreement under the Department of Trade and Industry until the end of the financial year 2015/16. 2016/17 was, therefore, the first full year of operating independently as a Department, with a greater understanding of

the distinctiveness of the mandate of DSBD, performance and compliance requirements, and accountability. As at the end of financial year 2016/17, performance highlights are as follows:

Positive areas of performance by end 2016/17:

1) SMME and co-operatives research and policy:

- a) Broad-based stakeholder consultations on the amendment of the National Small Business Act.
- b) Developed and implemented a Research Agenda, which included:
 - Literature review conducted and scoping report on the review of the Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises developed;
 - Framework for Sectoral Prioritisation developed; and
 - Definitions agreed upon.
- c) The commissioned study on Legislative and Regulatory Protocols impeding SMME's and co-operatives was concluded.
- d) Integrated Planning, Monitoring and Evaluation Framework was developed; and
- e) Conducted an assessment of the implementation of the Red Tape Reduction guidelines within local municipalities.

2) SMME and co-operatives programme design and support:

- a) Surpassed the target to train 7 000 informal traders by training in excess of 8 036 informal traders. This programme was piloted in 2015/16 by training 1 000 informal traders, who by their own

testimony derived great benefit from this exposure as it boosted their approach to customer care, bookkeeping, business management and also basic hygiene in their operating environment.

- b) Approved six (6) Shared Economic Infrastructure Facility (SEIF) projects as compared to zero in the 2015/16 financial year.
- c) In collaboration with Seda and SEFA, the Department established 27 National Co-location points in municipalities/district municipalities where the services of its entities are available at the same site. While these services are not yet offered as a seamless single point of contact, it affords clients access to support services and advice in a single location.
- d) Seven (7) incubators, located in Limpopo, Eastern Cape and Gauteng, were supported through the Enterprise Incubation Programme focussing on sectors such as agriculture, the wildlife value chain/tourism, creative industries, construction and the automotive industry.
- e) Partnering with stakeholders is imperative in order to fulfil the mandate of SMME's and co-operatives development. The Department effectively finalised fourteen (14) partnership agreements to support SMME's and co-operatives.
- f) Introduced a technical Governance Forum with Entities, chaired by the Director General, which meets quarterly to interrogate performance, deliberate shared interests, collective planning and to identify matters for the attention of the Executive Authority.

Areas of lower performance by end 2016/17:

Notwithstanding the above areas of solid performance, the Department fully acknowledges that there are significant areas for improvement, briefly

highlighted below:

- 1) **Co-operatives Incentive Scheme (CIS):** 240 co-operatives versus the planned 370 were supported during the financial year under review. The department was unable to release approval contracts, due to the unavailability of the system administrator to correct the situation and finalise the migration of the CIS platform to the Department. This resulted in an under-expenditure of R11.1 million.
- 2) **National Informal Business Upliftment Strategy (NIBUS)** underperformed by R53.6 million. The non-performance was due the following reasons, among others: lack of leadership, lack of ownership of the project, under capacity, poor planning and execution of the project. The original allocation to this project was R95 million and R42 million had to be redirected to other funded projects.
- 3) **Enterprise Incubation Programme (EIP)** underperformed by R25.9 million. The guidelines were finalised and approved late in the financial year. Seven adjudication committee meetings were held between November 2016 and March 2017 that resulted in seven approvals to the value of R52 million, but only 40% (R20.4 million) of the approvals were disbursed in line with the EIP guidelines. A submission was forwarded to National Treasury to request a rollover of the remaining budget of R25.9 million as it is already committed.
- 4) **The Co-operatives Development Agency (CDA):** The CDA is aimed at supporting co-operatives through financial and non-financial support services, but was not established as planned. Lack of budget allocation affected the non-establishment of CDA coupled by the delay in the proclamation of the Co-operatives Act.
- 5) **Policy and Research:** This is a new function and Branch introduced in 2016/17, which performed extremely well, but recorded under-expenditure of R11.9 million (46.4%). There were delays in the appointment of consultants and the commencement of research projects such as the SMME Definition study, Enterprise Ecosystem study, Sector Prioritisation and the Business Rescue studies.
- 6) **Business Rescue Strategy:** The project is aimed at developing strategies to address the failure rate in the small business sector and saving viable small businesses that are about to fail. This was mainly as a result of lack of sufficient staff allocated to deliver on this target. Although some milestones were achieved towards the target, that did not amount to the achievement target.
- 7) **Black Business Supplier Development Programme (BBSDP)** is a grant offered to clients on a 80:20 ratio where clients must make a 20% own contribution, supported 589 small businesses versus the target of 600 small businesses. This non-achievement was mainly due to internal administrative challenges faced by the Development Finance Unit.
- 8) The Department set out to support **youth-owned enterprises**:
 - a) Against the target to support 30% of all youth-owned enterprises, a total of 19% were supported;
 - b) Targeting support to 50% of small enterprises in townships, only 21% were supported; and
 - c) 28% of the targeted 30% small enterprises from rural areas were supported.

The main challenge to achieving the targets related to the need for a paradigm shift and completely new approach to implementation planning and reporting by the Department, and thus the Department was unable to effectively plan for the delivery of the targets.

Additionally, this was a new target introduced in 2016/17. The department still relied on applications received without deliberate

strategies in place to solicit more applications from townships.

The non-achievement is also a reflection of systemic obstacles (e.g. vibrant townships economies that are unable to access or are not aware of the services available). In 2017/18 the Department has committed to working with provinces through their townships revitalisation programmes, with a keen focus on broad-based stakeholder consultations and awareness campaigns in townships.

The participation of youth in the economy remains an important impact measurement and, having identified the root causes, the Department is working hard at correcting these limitations during the 2017/18 financial year and MTEF.

Summary of the key shifts and emerging issues in the performance delivery environment informing planning for 2018/19

The 2018/19 planning process included a high-level PESTEL analysis, with a focus on emerging trends impacting planning for 2018/19, as the final push to the end of term and beyond into the next MTSF. Considerate of the NDP and 9-Point Plan baseline commitments outlined in the DSBD Strategic Plan, the salient outcomes of the analysis are summarised below:

1) To strengthen the regulatory environment and ease of doing business:

- a) As a key MTSF 2014-2019 deliverable, to expedite the revision of the National Small Business Act and the Co-operatives Amendment Act, to ensure full alignment to the mandate of the Department.
- b) Strengthen the consultation processes in order to ensure the legislative prescripts enable the growth and sustainability needs of the sector and support an integrated approach across government.

- c) Following on from the Red Tape Reduction workshops that have taken place, the outcomes need to be consolidated and packaged for consideration by an advisory panel on strengthening market access through red tape reduction.

2) In collaboration with the SBD portfolio to ensure an improvement in the support provided to SMME's and co-operatives, particularly youth-owned, by:

- a) Convening the Small Business Development Youth Indaba, towards the development of a youth focused small business development and support programme by the end of term.
- b) Assessing and removing the bottlenecks for improved development and support application turnaround times.
- c) Developing a lifecycle business model approach to SMME development and support, including ensuring a mechanism is established for providing rapid support and rescue services to struggling businesses (particularly in the prevailing low economic growth environment).
- d) Working with the Presidency and National Treasury in the establishment of the Small Business Fund for ideation and start-ups (as per 14-Point Plan).
- e) To relook and repackage service offerings in response to the subdued economic growth outlook, including exploring opportunities to provide interest free (or lower interest) loans as an interim measure during the recessionary/low growth environment – to reinstate the loan agreement interest once the economy has picked up and/or the organisation has become sustainable.

- f) Developing tailored financial and non-financial support packages to stimulate the growth of high potential businesses.
- g) Driving the implementation of NIBUS and ensuring transitioning from informal to formal is taking place through contextualised, regionalised informal business upliftment strategies. To ensure optimal utilisation of the NIBUS financial and non-financial support packages.
- h) Exploring the provision of tax incentives/concessions for businesses in priority sectors or identified locations.
- i) Ensuring a cohesive, favourable, environment for beneficiation – clustering of shared facilities of the various DFI's and government departments/agencies, leveraging and integrating the resources across government (connect the players) and providing policy direction on incentives.
- j) Based on statistical findings that only 27.3% of SMME's that apply receive funding support from the formal financial sector, DSBD needs to develop a plan to address the situation – including, besides funding from DFI's (shrinking capital availability), the need to ensure SMME's and co-operatives receive pre-investment readiness and capacity support.
- k) Strengthening support to SMME's and co-operatives in rural areas through integrated infrastructure development and support services.

3) To strengthen collaboration with all stakeholders and sector role-players:

- a) The dti and DST – stimulating SME development in areas of the 4th industrial revolution.
- b) Education – influence policy direction of DBE and DHET to ensure a focus on entrepreneurship programmes.

- c) CSIR/ARC/SABS – establish partnership to assist SMME's and co-operatives to use environmentally friendly manufacturing technology and systems, and predictive systems and data analysis to assist farmers with planning.
- d) Considering that, across the sector, R15.5 billion is spent on SMME's and co-operatives annually, the Department needs to gain a grasp of this spend in order to better lead government in directing the spend more optimally and measuring its impact.
- e) DSBD, being an SMME and co-operatives connector, is very key and thus the need to know the small business programmes at all spheres of government and to mobilise/remodel/collaborate to ensure meaningful, measurable impact.
- f) To ensure that co-operatives are on the supplier databases of government departments, to encourage their utilisation and to track whether contracts are given to these enterprises.
- g) To monitor and report on the payment of small businesses on time, as legislated.
- h) This includes providing small businesses with a platform to report on instances where non-payment or excessive payment turnaround times are placing their business in jeopardy – for private sector and government contracts.
- i) Develop a comprehensive intergovernmental approach to assist with the strengthening of local economic development departments in municipalities.
- j) Step up active engagement and communication with communities on government plans and priorities, including regular feedback to communities on progress.

- k) Intensive stakeholder engagement on policies/plans – whether implementable and to garner support; and to strengthen strategic partnerships – private sector, provinces, etc.

4) Assessment of the ICT systems utilised across the portfolio towards integrating the systems to support better planning, usage, monitoring and tracing, and auditing of performance trends:

- a) Need to establish a system to manage and track funded SMME's and co-operatives, e.g. DSBD funded co-operatives. Need regular audits and performance monitoring and evaluation, captured on an integrated system.
- b) Strengthen the use of IT and e-Commerce, as a service to SMME's for increased access, faster turnaround and response times.
- c) Conduct a study on the impact of technology on SMME's and co-operatives.
- d) Craft an approach to packaging market access information through the IT/system linked – further develop the ILO platform.
- e) Policy units need people that can do data modelling, forecasting & forward looking – need to analyse statistical data adequately to influence the SBD approach and to ensure programmes are more responsive.

5) Conclude on the sector prioritisation project:

- a) Understand the value chains and where to support SMME development, e.g. services, mining value chain, ICT sector, digging for fibre optic cables, etc.

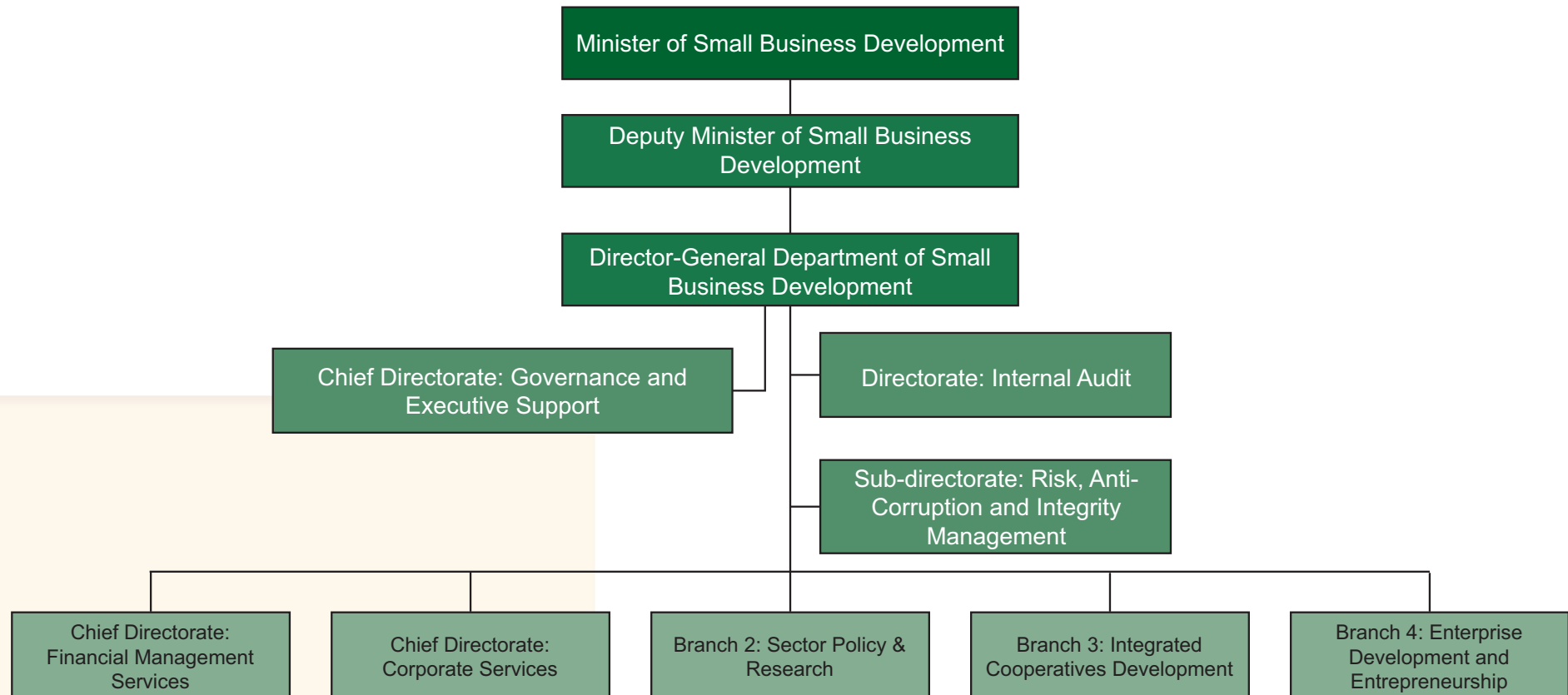
- b) Key is not to limit SMME support to what they have done traditionally, particularly in townships, to support the transformation of SMME's and co-operatives from being mostly consumption-oriented to production-oriented.

1.2 ORGANISATIONAL ENVIRONMENT

The organisational structure was developed aligned to the Service Delivery Model during the 2016 financial year and was consulted at all levels internally as well as with the Department of Public Service and Administration (DPSA) and the Departmental Bargaining Committee (DBC) from October 2016. During the final compilation of inputs to the submission for the approval of the proposed structure however, the Department hit a setback. The inputs received from the Department of Monitoring and Evaluation (DPME) and National Treasury (NT) during November 2016 on the DSBD draft Annual Performance Plan for 2017/18, significantly impacted the forward movement with the proposed structure as fundamental changes to the strategy and APP were recommended. Amendments to the strategy and APP ensued and were only finalised at the end of January 2017. The resultant delay and change of course meant that DSBD revert to the approved start-up structure for the implementation and redesign in the new financial year. Thus in an effort to provide stability in support of the delivery of the 2017/18 APP the start-up structure was implemented with effect from 1 April 2017.

The Department embarked on the redesigning of the organisational structure during 2017 financial year to ensure alignment with the approved budget structure for 2018/19. The proposed organisational structure still has to be consulted with the DPSA and approved before implementation. It is anticipated that the implementation of the new structure will commence during April 2018.

THE PROPOSED ORGANISATIONAL STRUCTURE



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

Programme No.	Programme Name	Sub-Programmes
Programme 1	Administration	1) Ministry 2) Departmental Management (Office of the DG) 3) Corporate Services 4) Financial Management 5) Communications and Marketing
Programme 2	Sector Policy and Research	1) Research 2) Policy and Legislation (including 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 (New Programme in 2018/19)	Enterprise Development and Entrepreneurship	1) Enterprise and Supplier Development 2) SMME Programme Design and Support 3) SMME Competitiveness

2. REVISIONS TO LEGISLATIVE AND OTHER MANDATES

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

It is recognised that the DSBD must comply with all National and Provincial legislation and regulations, and all municipal by-laws applicable to its functions.

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

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

2.1 PLANNED POLICY INITIATIVES

- 1) The Department will continue work towards the amendment of the National Small Business Act (No. 102 of 1996) as amended, in order to align the Act with the revised Strategy for Small Enterprise Development and Entrepreneurship and the mandate of the Department of Small Business Development.

In the process of alignment, the Department will seek to identify gaps from industry in pursuit of covering all aspects of vagueness, which should be addressed.

- 2) The DSBD will continue the review 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.

This will allow the Department to implement small business development programmes that are flexible and responsive to the economic and social

needs of the society with the expectation of achieving radical economic transformation.

- 3) The DSBD will conclude a Midterm Review of the Co-operatives Strategy (2012-2022), which may result in a revision of the Strategy and will inform the development of an integrated approach to co-operatives

development.

- 4) Apart from supporting the amendment of the Preferential Procurement Act (led by National Treasury), DSBD will develop guidelines as well as a monitoring and reporting framework to guide departments as to their engagement with this important matter.

3. OVERVIEW OF 2018/19 BUDGET AND MTEF ESTIMATES

3.1 EXPENDITURE ALLOCATIONS

3.1.1 SUMMARY OF ACTUAL AND BUDGETED PAYMENTS

Programme (R'000)	Audited Outcome			Main Appropriation	MTEF		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Administration	22 376	66 447	98 925	121 597	124 729	134 448	143 216
Sector Policy and Research	11 707	11 692	13 848	18 107	22 413	23 546	25 031
Intergrated Cooperatives Development	88 821	89 727	92 568	106 799	111 034	117 743	124 674
Enterprise Development and Entrepreneurship	1 002 632	931 026	991 700	1 229 259	1 230 277	2 298 715	2 426 530
TOTAL	1 125 536	1 098 892	1 197 041	1 475 670	1 488 453	2 574 452	2 719 451

3.1.2 SUMMARY OF ACTUAL AND BUDGETED PAYMENTS BY ECONOMIC CLASSIFICATION

Programme (R'000)	Audited Outcome			Main Appropriation	MTEF		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Current payments	100 883	137 453	178 660	203 750	221 067	236 231	252 300
Compensation of employees	73 753	93 133	114 022	132 452	140 810	151 808	163 297
Goods and services	27 130	44 320	64 638	71 298	80 257	84 423	89 003

Programme (R'000)	Audited Outcome			Main Appropriation	MTEF		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Transfers and subsidies	1 023 042	958 249	1 015 396	1 266 146	1 261 598	2 332 247	2 460 879
Departmental agencies and accounts	644 398	622 835	652 914	767 301	769 452	815 861	854 167
Public Corporations	362 302	318 625	362 288	498 845	492 146	1 516 386	1 606 712
Non-profit institutions	16 320	16 726	100	-	-	-	-
Households	22	63	94	-	-	-	-
Payments for capital assets	1 611	3 190	2 985	5 554	5 788	5 973	6 270
Transport equipment	1 080	-	-	3 000	-	-	-
Other machinery and equipment	531	3 173	2 957	2 774	5 788	5 974	6 272
Software and other intangible assets	-	17	-	-	-	-	-
Payments for Financial Assets	-	-	28	-	-	-	-
Total	1 125 536	1 098 892	1 197 041	1 475 670	1 488 453	2 574 452	2 719 451

3.2 RELATING EXPENDITURE TRENDS TO STRATEGIC ORIENTED GOALS

The above budget and MTEF allocations support and contribute to the five Strategic Goals outlined in the Strategic Plan and carried forwards in this 2018/19 APP.

Arising from the 2018/19 planning process, specific considerations include:

- 1) Rationalising and refocusing programme activity on areas of highest impact;
- 2) Creating a clear delineation of responsibility between DSBD and the agencies;

- 3) Investing in a robust policy, research, monitoring and evaluation capability;
- 4) Packaging DSBD, the Small Enterprise Development Agency (Seda) and the Small Enterprise Finance Agency (sefa) offerings to present a single point of entry to SMME's;
- 5) Strengthening points of interaction with other areas of government and with the private sector;
- 6) Consolidating the mandate for co-operatives to improve focus; and
- 7) Continuing to reorientate the DSBD to deliver on its mandate through the implementation of proper change management approaches.

PROGRAMME PLANS



PART B

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 2018/19 financial year and MTEF.

The focus is on ensuring that the strategic objectives are unpacked in such a way as to be specific and measurable, and against which the programmes and activities of 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 internal working documents and which inform 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, 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.

While supporting the delivery of all five Strategic Goals, the organisational effectiveness focus of the Administration Programme results in delivery against the following Strategic Goals and their aligned Strategic Objectives:

Goal 3: Sound governance and the optimal utilisation of available resources.

Strategic Objective 3.1: Compliance and good governance ensured.

Strategic Objective 3.3: Efficient, integrated and streamlined business processes and systems.

Goal 4: An enhanced contribution to socio-economic development outcomes by the sector.

Strategic Objective 4.4: Informed and empowered communities and a responsive department.

Goal 5: A professional and capacitated SBD Sector.

Strategic Objective 5.2: Strengthened human resource capability and a high performing organisation.

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 and monitoring and evaluation;

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 efficient management of financial resources and create an enabling supply chain environment; and

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

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

4.2 PROGRAMME 1: STRATEGIC OBJECTIVE ANNUAL TARGETS

Link to Strategic Goal	Strategic Objective	Strategic Objective Statement	Strategic Plan Objective Target (Target To 2020)	Audited Actual Performance			Estimated Performance	Medium Term Targets		
				2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
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.	New indicator.	Unqualified audit outcome for 2014/15.	Unqualified audit outcome for both financial and non-financial performance data for 2015/16.	Unqualified audit outcome for both financial and non-financial performance data for 2016/17.	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.
	3.3: Efficient, integrated and streamlined business processes and systems.	Implement sound and automated business solutions and systems for the Department.	Five (5) ICT system projects defined in the DSBD ICT Plan implemented by 2019/20.	-	New indicator.	Revised DSBD ICT Plan approved by Exco.	One (1) ICT system project defined in the DSBD ICT Plan implemented.	Two (2) ICT system projects defined in the DSBD ICT Plan implemented.	Two (2) ICT system projects defined in the DSBD ICT Plan implemented. ICT Plan reviewed and aligned to New 2020 – 2025 Strategic Plan.	Two (2) ICT system projects defined in the New DSBD ICT Plan implemented.

Link to Strategic Goal	Strategic Objective	Strategic Objective Statement	Strategic Plan Objective Target (Target To 2020)	Audited Actual Performance			Estimated Performance	Medium Term Targets		
				2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
4. An enhanced contribution to socio-economic development outcomes by the sector.	4.4: 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.	3-year strategically aligned Communications and Stakeholder Relations Programme approved End of term assessment report on progress against the outcomes of the Programme produced in 2019.	-	-	New indicator.	3-year strategically aligned Communications and Stakeholder Relations Programme approved Annual assessment of progress against the Communications and Stakeholder Relations Programme, tabled to Exco in Q4.	Annual assessment of progress against the Communications and Stakeholder Relations Programme, tabled to Exco in Q4.	Annual assessment of progress against the Communications and Stakeholder Relations Programme, tabled to Exco in Q4. End of term assessment report on progress against the outcomes of the Programme produced in Q4.	5-year strategically aligned Communications and Stakeholder Relations Programme approved. Annual assessment of progress against the Communications and Stakeholder Relations Programme, tabled to Exco 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 rating.	Annual improvement in achievement of non-financial performance targets.	-	-	-	New target	70% achievement of 2017/18 non-financial performance	80% achievement of 2018/19 non-financial performance	80% achievement of 2019/20 non-financial performance

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

Strategic Objective	Performance Indicator	Audited Actual Performance			Estimated Performance	Medium Term Targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
3. Sound governance and the optimal utilisation of available resources								
3.1: Compliance and good governance ensured.	Percentage compliance with MPAT standards at target level.	-	New indicator.	DSBD average MPAT score of 2.5.	80% (30 of 37 standards) compliance with MPAT standards at level 3.	100% compliance with MPAT standards at level 3.	100% compliance with MPAT standards at level 3.5.	100% compliance with MPAT standards at level 4.
	Percentage over or under-expenditure on annual budget.	New indicator.	<5% variance on annual budget.	<5% variance on annual budget.	<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.	New indicator.	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.	100% payments to eligible creditors processed within 30 days.
	Unqualified external audit opinion for both financial and non-financial performance data maintained.	N/A	N/A	Unqualified audit outcome for both financial and non-financial performance data for 2015/16.	Unqualified audit outcome for both financial and non-financial performance data for 2016/17.	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.

Strategic Objective	Performance Indicator	Audited Actual Performance			Estimated Performance	Medium Term Targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
3.3: Efficient, integrated and streamlined business processes and systems.	Number of ICT system projects defined in the DSBD ICT Plan implemented.	-	New indicator.	Revised DSBD ICT Plan approved by Exco.	1 ICT system project 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 DSBD ICT Plan implemented. (ICT Plan reviewed and aligned to Strategic Plan).	2 ICT system projects defined in the New DSBD ICT Plan implemented.
4. An enhanced contribution to socio-economic development outcomes by the sector								
4.4: Informed and empowered communities and a responsive department.	Number of DSBD initiated engagements with the sector and communities.	-	-	New indicator.	55 facilitated interactions that deliver meaningful engagements with communities and the public.	25 facilitated interactions that deliver meaningful engagements with communities and the public.	30 facilitated interactions that deliver meaningful engagements with communities and the public.	40 facilitated interactions that deliver meaningful engagements with communities and the public.
5. A professional and capacitated SBD Sector								
	Percentage of women SMS representation .	-	-	New indicator.	50% of women SMS representation.	50% of women SMS representation.	50% of women SMS representation.	50% of women SMS representation.
	Percentage of PWD employed.	-	-	New indicator.	2% of PWD employed.	2% of PWD employed.	2% of PWD employed.	2% of PWD employed.
	% Vacancy rate in funded posts.	New indicator.	<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.	<10% vacancy rate in funded posts.

4.4 PROGRAMME 1: QUARTERLY TARGETS FOR 2018/19

Strategic Objective	Performance Indicator	Reporting Period	2018/19 Annual Target	Quarterly Targets			
				Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
3. Sound governance and the optimal utilisation of available resources							
3.1: Compliance and good governance ensured.	Percentage compliance with MPAT standards at target level.	Quarterly	100% compliance with MPAT standards at level 3.	-	Annual MPAT self-assessment completed and submitted to DPME within prescribed timeframes.	Achieve 100% compliance with MPAT standards at level 3.	MPAT improvement actions identified.
	Percentage over or under-expenditure on annual budget.	Quarterly	<5% expenditure 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.
	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 2017/18.	-	Unqualified audit outcome for both financial and non-financial performance data for 2017/18.	-	-
3.3: 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.

Strategic Objective	Performance Indicator	Reporting Period	2018/19 Annual Target	Quarterly Targets			
				Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
4. An enhanced contribution to socio-economic development outcomes by the sector							
4.4: Informed and empowered communities and a responsive department.	Number of DSBD initiated engagements with the sector and communities.	Quarterly	25 facilitated interactions that deliver meaningful engagements with communities and the public.	8 facilitated interactions that deliver meaningful engagements with communities and the public.	8 facilitated interactions that deliver meaningful engagements with communities and the public.	4 facilitated interactions that deliver meaningful engagements with communities and the public.	5 facilitated interactions that deliver meaningful engagements with communities and the public.
5. A professional and capacitated SBD Sector							
	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: RISK IDENTIFICATION AND MITIGATION

Aligned to the Programme Strategic Objectives, key risks identified and requiring mitigation in 2018/19 are as follows:

Strategic Goal	Strategic Objective	Identified Risk	Mitigation needed
A professional and capacitated SBD Sector	Coordinated development of the skills pool across the sector	Inadequate skills base	1. Alignment of structure with strategy and Annual Performance Plan
			2. SLA with SITA to be in place as well as secured and independent network infrastructure, telephony and connectivity to SITA
			3. Coordinate compliance with Portfolio Strategic Framework
			4. Influence and assess the entities' planning and performance reports
Sound governance and the optimal utilisation of available resources	Sound institutional governance and oversight of the Small Business Development Portfolio	Non- compliance with legislative prescripts and non-application of the good governance principles	1. Implementation of institutional governance and oversight function through Governance Forums
			2. Cross functional strategic planning for alignment of functions

The above risks will inform the rolling annual Risk Register and Risk Management Plans for the period, which will be reported on quarterly.

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

4.6.1 EXPENDITURE ESTIMATES

Programme 1: Administration (R'000)	Audited outcome			Main appropriation	Medium-term expenditure estimate		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Ministry	22 376	29 898	29 691	33 102	29 176	30 729	32 924
Departmental Management	-	15 232	14 514	19 312	19 976	21 041	22 489
Corporate Services	-	21 317	33 456	46 956	51 178	56 220	60 295
Financial Management	-	-	14 929	15 186	17 541	19 275	19 901
Communications	-	-	6 335	7 058	6 858	7 183	7 607
Total	22 376	66 447	98 925	121 614	124 729	134 448	143 216
Economic classification							
Current payments	21 264	63 479	96 022	115 840	119 135	128 674	137 149
Compensation of employees	11 407	34 591	52 230	65 115	67 615	72 742	78 259
Goods and services	9 857	28 888	43 792	50 725	51 520	55 932	58 890
Transfers and subsidies	-	-	25	-	-	-	-
Households	-	-	25	-	-	-	-
Payments for capital assets	1 112	2 968	2 878	5 774	5 594	5 774	6 067
Transport equipment	1 080	-	-	3 000	-	-	-
Other machinery and equipment	32	2 951	2 850	2 774	5 594	5 774	6 067
Software and other intangible assets	-	17	-	-	-	-	-
Payments for Financial Assets	-	-	28	-	-	-	-
Total	22 376	66 447	98 925	121 614	124 729	134 448	143 216

4.6.2 PERFORMANCE AND EXPENDITURE TRENDS

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

- 1) Programme 1 (Administration) has been allocated R402.3 million over the medium term and R124.7 million for the 2018/19 financial year.
- 2) The spending focus over the medium term for the Programme will be on the five sub-programmes namely Ministry, Departmental Management, Corporate Services, Financial Management and Communications.
- 3) Funds allocated to human capital amount to R218.6 million over the medium term and R67.6 million for the 2018/19 financial year. The operational requirements allocation amounts to R166.3 million over the medium and R51.5 million for the 2018/19 financial year.
- 4) The main cost drivers for the 2018/19 financial year besides human capital amount are in operations, wherein R17.5 million has been set aside for office accommodation, R10.1 million for travel and subsistence, and R8.5 million for the stabilisation of ICT support in the department.

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 toward the creation of employment and economic growth.

The sector policy and research focus of Programme 2 results in delivery against the following Strategic Goals and their aligned Strategic Objectives:

Goal 1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME's and co-operatives.

Strategic Objective 1.1: Reduced regulatory burdens and a conducive legislative and policy environment for SMME's and co-operatives.

Strategic Objective 1.4: A comprehensive research agenda on key areas of support for SMME's and co-operatives implemented.

Strategic Objective 1.5: Strengthened efforts to place SMME's at the centre of the economic diplomacy agenda.

Goal 4: An enhanced contribution to socio-economic development outcomes by the sector.

Strategic Objective 4.1. Demonstrated progress towards sector-wide SMME's and co-operatives support achieving its intended socio-economic impact.

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

5.2 PROGRAMME 2: STRATEGIC OBJECTIVE ANNUAL TARGETS

Link to Strategic Goal	Strategic Objective	Strategic Objective Statement	Strategic Plan Objective Target (Target To 2020)	Audited Actual Performance			Estimated Performance	Medium Term Targets		
				2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME's and co-operatives.	1.1: Reduced regulatory burdens and a conducive legislative and policy environment for SMME's and co-operatives.	SMME's and co-operatives red tape reduction procedures analysed and redesigned at National, Provincial and Local level.	Cumulatively, 23 SMME's and co-operatives red tape reduction procedures analysed and redesigned over the period to 2019/20.	-	-	New indicator.	Nine (9) SMME's and co-operatives red tape reduction procedures analysed.	Five (5) SMME's and co-operatives red tape reduction procedures analysed	Eight (8) SMME's and co-operatives red tape reduction procedures analysed	Ten (10) SMME's and co-operatives red tape reduction procedures analysed

Link to Strategic Goal	Strategic Objective	Strategic Objective Statement	Strategic Plan Objective Target (Target To 2020)	Audited Actual Performance			Estimated Performance	Medium Term Targets		
				2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME's and co-operatives.	1.4: A comprehensive research agenda on key areas of support for SMME's and co-operatives implemented.	A strategically aligned multi-year Research Agenda, informing evidence-based policies and programmes, implemented.	Multi-year sectoral research Agenda implemented. (2017/18 – 2019/20). End of term report on thought leadership and research produced in 2019/20.	-	New indicator.	Draft Research agenda informing sectoral research on SMME's and co-operatives and packaging of targeted support programmes developed.	Strategically aligned multi-year DSBD Research Agenda approved in Q1. Annual assessment of progress against the multi-year Research Agenda, tabled to Exco in Q4.	Annual assessment of progress against the 2017/18 Research Agenda approved in Q1.	Annual assessment of progress against the 2018/19 Research Agenda approved in Q1. End of term report on thought leadership and research	Annual assessment of progress against the 2019/20 Research Agenda, approved in Q1. New 2020–2025 research agenda informing sectoral research developed.
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME's and co-operatives.	1.5: Strengthened efforts to place SMME's at the centre of the economic diplomacy agenda.	A strategically aligned Africa and Global International Relations Programme for the MTSF and assessment of progress in achieving the outcomes of the Programme.	3-year strategically aligned Africa and Global International Relations Programme approved. End of term assessment report on progress against the outcomes of the Programme produced in 2019/20.	-	-	New indicator.	3-year strategically aligned Africa and Global International Relations Programme approved. Annual assessment of progress against the International Relations Programme, tabled to Exco in Q4.	Annual assessment of progress against the International Relations Programme, tabled to Exco in Q4.	Annual assessment of progress against the International Relations Programme, tabled to Exco in Q4. End of term assessment report on progress against the outcomes of the Programme produced in Q4.	New 5-year strategically aligned Africa and Global International 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		
				2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMME's and co-operatives.	2.2. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing SMME's.	Programme assessment on progress against MTSF targets in terms of the DSBD and Entity SMME financial and non-financial support programmes.	Consolidated end-of-term programme assessment on progress against MTSF targets in terms of the DSBD and Entity SMME financial and non-financial support programmes, conducted in 2019/20.	-	-	New indicator.	Annual programme assessment on progress against MTSF targets in terms of the DSBD and Entity SMME financial and non-financial support programmes conducted in Q4.	Annual programme assessment on progress against MTSF targets in terms of the DSBD and Entity SMME financial and non-financial support programmes conducted in Q4.	Consolidated end-of-term programme assessment on progress against MTSF targets in terms of the DSBD and Entity SMME financial and non-financial support programmes conducted in Q4.	Annual programme assessment on progress against MTSF targets in terms of the DSBD and Entity SMME financial and non-financial support programmes conducted in Q4.
4: An enhanced contribution to socio-economic development outcomes by the sector.	4.1. Demonstrated progress towards sector-wide SMME's and co-operatives support achieving its intended socio-economic impact.	Consolidated trend analysis of sector-wide socio-economic contribution and progress towards key MTSF indicators.	3x annual consolidated trend analysis of sector-wide socio-economic contribution and progress towards key MTSF indicators.	-	-	New indicator.	Annual consolidated trend analysis of sector-wide socio-economic contribution and progress towards key MTSF indicators, produced in Q4.	Annual consolidated trend analysis of sector-wide socio-economic contribution and progress towards key MTSF indicators, produced in Q4.	Annual consolidated trend analysis of sector-wide socio-economic contribution and progress towards key MTSF indicators, produced in Q4.	New cycle – Annual consolidated trend analysis of sector-wide socio-economic contribution and progress towards key MTSF indicators, produced in Q4.

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

Strategic Objective	Performance Indicator	Audited Actual Performance			Estimated Performance	Medium Term Targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME's and co-operatives								
1.1 Reduced regulatory burdens and a conducive legislative and policy environment for SMME's and co-operatives.	Number of municipalities assisted to roll out Red-Tape Reduction Programme per year.	-	81 municipalities assisted to roll out SMME's and co-operatives Red-Tape Reduction Programme.	-	Eight (8) municipalities assisted to roll out SMME's and co-operatives Red-Tape Reduction Programme.	Twelve (12) municipalities assisted to roll out SMME's and co-operatives Red-Tape Reduction Programme.	Sixteen (16) municipalities assisted to roll out SMME's and co-operatives Red-Tape Reduction Programme.	Twenty (20) municipalities assisted to roll out SMME's and co-operatives Red-Tape Reduction Programme.
	Number of Local Municipal Action Plans on SMME's and co-operatives red tape reduction assessed.	-	-	New indicator.	Two (2) Local Municipal Action Plans on SMME's and co-operatives red tape reduction assessed.	Three (3) Local Municipal Action Plans on SMME's and co-operatives red tape reduction assessed.	Four (4) Local Municipal Action Plans on SMME's and co-operatives red tape reduction assessed. Initiate process for the local review of guidelines.	Complete process for the review of guidelines. Five (5) Local Municipal Action Plans on SMME's and co-operatives red tape reduction assessed.

Strategic Objective	Performance Indicator	Audited Actual Performance			Estimated Performance	Medium Term Targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
1.1 Reduced regulatory burdens and a conducive legislative and policy environment for SMME's and co-operatives.	Development of National Guidelines on red tape reduction in identified procedures.	-	-	New indicator.	Four (4) National business processes and procedures analysed and redesigned per annum. Five (5) Local business processes and procedures analysed and redesigned per annum.	Five (5) SMMEs and co-operatives red tape reduction procedures analysed .	Eight (8) SMMEs and co-operatives red tape reduction procedures analysed	Ten (10) SMMEs and co-operatives red tape reduction procedures analysed .
	Submission of the amendment of the National Small Business Bill into the legislative process.	New indicator.	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.	National Small Business Amendment Bill developed and submitted to Minister.	Amendment of the National Small Business Bill through legislative process.	Amendment of the National Small Business Bill through legislative process.	Amendment of the National Small Business Bill through legislative process.
1.1 Reduced regulatory burdens and a conducive legislative and policy environment for SMME's and co-operatives.	Number of National coordinating forum on small business development convened.	-	New indicator	Forum established.	Four (4) National coordinating forum on small business development convened.	Four (4) National coordinating forum on small business development and co-ops convened.	Four (4) National coordinating forum on small business development and co-ops convened.	Four (4) National coordinating forum on small business development and co-ops convened.

Strategic Objective	Performance Indicator	Audited Actual Performance			Estimated Performance	Medium Term Targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
1.4 A comprehensive research agenda on key areas of support for SMME's and co-operatives implemented.	Number of research reports on SMME's and co-operatives key areas of support.	-	New indicator.	Two (2) research reports on SMME's and co-operatives key areas of support approved.	Four (4) research reports on SMME's and co-operatives key areas of support approved.	Five (5) research reports on SMME's and co-operatives key areas of support approved.	Six (6) research reports on SMME's and co-operatives key areas of support approved.	Seven (7) research reports on SMME's and co-operatives key areas of support approved.
1.5 Strengthened efforts to place SMME's at the centre of the economic diplomacy agenda.	Approved Annual International Relations programme, to advance SA trade positions and mandates that will promote investments and growth of SMME's and co-operatives	-	-	New indicator.	Multi-year Strategy on International Relations, to advance SA trade positions and mandates that will promote investments and growth of SMME's and co-operatives, submitted to Minister for approval. 2018/19 International Relations programme approved by Exco in Q4.	Multi-year Strategy on International Relations, to advance SA trade positions and mandates that will promote investments and growth of SMME's and co-operatives, submitted to Minister for approval.	Implementation of the Multi-year Strategy on International Relations, to advance SA trade positions and mandates that will promote investments and growth of SMME's and co-operatives	Assessment of the Multi-year Strategy on International Relations, to advance SA trade positions and mandates that will promote investments and growth of SMME's and co-operatives

Strategic Objective	Performance Indicator	Audited Actual Performance			Estimated Performance	Medium Term Targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMME’s and co-operatives								
2.2 Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing SMME’s.	Annual programme evaluation report on the planning, design and implementation of DSBD and Entity SMME financial and non-financial support programmes.	-	New indicator.	Annual programme evaluation report produced in Q4.	Annual programme evaluation report on selected financial and non-financial support programmes produced in Q4.	Annual programme evaluation report on selected financial and non-financial support programmes produced in Q4.	Annual programme evaluation report on selected financial and non-financial support programmes produced in Q4.	Annual programme evaluation report on selected financial and non-financial support programmes produced in Q4.
4: An enhanced contribution to socio-economic development outcomes by the sector								
4.1 Demonstrated progress towards sector-wide SMME’s and co-operatives support achieving its intended socio-economic impact.	Annual Small Business Review Report.	-	-	-	New indicator.	2018 Annual Small Business Review Report approved for publication submitted to Minister	-	2020 Annual Small Business Review Report approved for publication by Q3.
	Draft National Accord to drive the Small Business Mandate	-	-	-	New Indicator	Draft National Accord to drive the Small Business Mandate	National Accord to drive the Small Business Mandate approved by Minister	Implementation of the National Accord to drive the Small Business Mandate in the new MTSF cycle

Strategic Objective	Performance Indicator	Audited Actual Performance			Estimated Performance	Medium Term Targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
4.1 Demonstrated progress towards sector-wide SMME's and co-operatives support achieving its intended socio-economic impact.	Number of Government-wide Procurement Trend Analysis, conducted per annum. (Including: SMME'S and co-operatives registered; accessing the 30% set aside; Township procurement; Enterprise sustainability over 1 year).	-	-	New indicator.	Development of monitoring framework with reporting templates.	Bi-Annual analysis of Government-wide Procurement Trend.	Bi-Annual analysis of Government-wide Procurement Trend.	Bi-Annual analysis of Government-wide Procurement Trend.

5.4 PROGRAMME 2: QUARTERLY TARGETS FOR 2018/19

Strategic Objective	Performance Indicator	Reporting Period	2018/19 Annual Target	Quarterly Targets			
				Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME's and co-operatives							
1.1 Reduced regulatory burdens and a conducive legislative and policy environment for SMME's and co-operatives.	Number of municipalities assisted to roll out Red-Tape Reduction Programme per year.	Quarterly	12 municipalities assisted to roll out SMME's and Co-operatives Red-Tape Reduction Programme.	SMME's and Co-operatives Red-Tape Reduction Programme workshops held in 3 municipalities.	SMME's and Co-operatives Red-Tape Reduction Programme workshops held in 3 municipalities.	SMME's and Co-operatives Red-Tape Reduction Programme workshops held in 3 municipalities.	SMME's and Co-operatives Red-Tape Reduction Programme workshops held in 3 municipalities.
	Number of Municipal Action Plans on SMME's and Co-operatives Red Tape Reduction assessed.	Quarterly	3 Municipal Action Plans on SMME's and Co-operatives Red Tape Reduction assessed.	Identify municipalities for assessment.	First draft report on assessments.	Progress report on assessments.	3 Municipal Action Plans on SMME's and Co-operatives Red Tape Reduction assessed - with findings and recommendations.
	Development of National Guidelines on Red Tape Reduction in identified procedures.	Quarterly	5 SMME's and co-operatives red tape reduction procedures analysed	Stakeholder consultations.	Stakeholder consultations.	3 business processes and procedures analysed.	5 SMME's and co-operatives red tape reduction procedures analysed Preparations for review of National Guidelines on Red Tape Reduction in the analysed procedures in 2019/20.
	Submission of the amendment of the National Small Business Bill into the legislative process.	Annually	Amendment of the National Small Business Bill through legislative process.	Legislative drafting of the Bill	Legislative drafting of the Bill	Legislative drafting of the Bill	Legislative drafting of the Bill

Strategic Objective	Performance Indicator	Reporting Period	2018/19 Annual Target	Quarterly Targets			
				Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
1.1 Reduced regulatory burdens and a conducive legislative and policy environment for SMME's and co-operatives.	Number of National coordinating forum on small business development convened.	Quarterly	4 National coordinating forum on small business development and co-ops convened	One (1) National coordinating forum on small business development convened.	One (1) National coordinating forum on small business development convened.	One (1) National coordinating forum on small business development convened.	One (1) National coordinating forum on small business development convened.
1.4 A comprehensive research agenda on key areas of support for SMME's and co-operatives implemented.	Number of research reports on SMME's and co-operatives key areas of support approved.	Quarterly	Five (5) research reports on SMME's and co-operatives key areas of support approved.	Five (5) research topics identified and approved by Exco.	Initiation of procurement processes.	Research on SMME's and co-operatives key areas of support conducted.	5 approved research reports on SMME's and co-operatives key areas of support.
1.5 Strengthened efforts to place SMME's at the centre of the economic diplomacy agenda.	Approved Annual International Relations programme , to advance SA trade positions and mandates that will promote investments and growth of SMME's and co-operatives, implemented.	Quarterly	Revised the Multi-year Strategy on International Relations, to advance SA trade positions and mandates that will promote investments and growth of SMME's and co-operatives	Quarterly progress report on implementation of IR programme.	Quarterly progress report on implementation of IR programme.	Quarterly progress report on implementation of IR programme.	Revised the Multi-year Strategy on International Relations, to advance SA trade positions and mandates that will promote investments and growth of SMME's and co-operatives

Strategic Objective	Performance Indicator	Reporting Period	2018/19 Annual Target	Quarterly Targets			
				Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
2.2. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing SMME's.							
2.2 Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing SMME's.	Annual programme evaluation report on the planning, design and implementation of DSBD and Entity SMME financial and non-financial support programmes.	Quarterly	Annual programme evaluation report on selected financial and non-financial support programmes produced in Q4.	Evaluation of programmes undertaken.	Evaluation of programmes undertaken.	Evaluation of programmes undertaken.	Evaluation of programmes completed and report produced.
4: An enhanced contribution to socio-economic development outcomes by the sector							
4.1 Demonstrated progress towards sector-wide SMME's and co-operatives support achieving its intended socio-economic impact.	Annual Small Business Review Report produced.	Annually	2017 Annual Small Business Review Report approved for publication by Q3.	-	-	2017 Annual Small Business Review Report approved for publication.	-
	Draft National Accord to drive the Small Business Mandate	Quarterly	Planning and analysis of the National Accord to drive the Small Business Mandate	Develop a Concept to unpack the issues	Consultation with key stakeholders on the eConcept	Draft the National Accord	Draft the National Accord

Strategic Objective	Performance Indicator	Reporting Period	2018/19 Annual Target	Quarterly Targets			
				Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
4.1 Demonstrated progress towards sector-wide SMME's and co-operatives support achieving its intended socio-economic impact.	Number of Government-wide Procurement Trend Analysis, conducted per annum. (Including: SMME'S and co-operatives registered; accessing the 30% set aside; Township procurement; Enterprise sustainability over 1 year).	Quarterly	2 Government-wide Procurement Trend Analysis, conducted.	Monitor utilisation of data analysis guidelines by stakeholders.	Collect and collate data from stakeholders and compile a report on procurement trends in terms of 30% public procurement set asides directive.	Monitor utilisation of data analysis guidelines by stakeholders.	Collect and collate data from stakeholders and compile a report on procurement trends in terms of 30% public procurement set asides directive.

5.5 PROGRAMME 2: RISK IDENTIFICATION AND MITIGATION

Aligned to the Programme Strategic Objectives, key risks identified and requiring mitigation in 2018/19 are as follows:

Strategic Goal	Strategic Objective	Identified Risk	Mitigation needed
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME's and co-operatives.	1.1 Reduced regulatory burdens and a conducive legislative and policy environment for SMME's and co-operatives.	1. Resistance from affected stakeholders 2. Resource constraints	1. Strengthen partnerships with, entities, COGTA, SALGA and provincial stakeholders.
	1.2 Integrated approach to planning, monitoring and evaluation of the SMMEs and Co-operatives sector, to inform policy decision making.	1. Inability to promote coherent planning through legislation and policies. 2. Lack of cooperation by municipalities.	1. Strengthen partnerships with, entities, COGTA, SALGA and provincial stakeholders.
	1.3 A comprehensive research agenda on key areas of support for SMME's and co-operatives implemented.	1. Uncertainty on priority sectors to target. 2. Resource constraints.	1. Need both industry and sector prioritisation and approach. 2. Leverage partnerships in Research

Strategic Goal	Strategic Objective	Identified Risk	Mitigation needed
2. Equitable access to responsive and targeted products and services that enable the growth and development of SMMEs and cooperatives	Oversight and co-ordination of the design and implementation of targeted non- financial support programme to support new and existing SMMEs and Co-operatives	Non-alignment of SMMEs and Co-operatives programmes with the Department's mandate	Strengthen Portfolio and sectorial integrated strategic planning approach and M&E and reporting systems.

The above risks will inform the rolling annual Risk Register and Risk Management Plans for the period, which will be reported on quarterly.

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

5.6.1 EXPENDITURE ESTIMATES

Programme 2 (R'000)	Audited outcome			Main appropriation	Medium-term expenditure estimate		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Research	-	-	-	-	7 521	7 628	8 493
Policy, and Legislation	11 707	11 692	13 644	7 229	4 852	4 947	4 940
Monitoring and Evaluation	-	-	-	6 657	2 887	3 166	3 326
International Relations	-	-	204	4 112	7 153	7 805	8 272
Total	11 707	11 692	13 848	17 998	22 413	23 546	25 031
Economic classification							
Current payments	11 640	11 675	13 813	17 998	22 357	23 490	24 975
Compensation of employees	9 783	9 908	10 252	10 799	10 779	10 819	11 627
Goods and services	1 857	1 767	3 561	7 199	11 578	12 671	13 348
Transfers and subsidies	22	-	-	-	-	-	-
Households	22	-	-	-	-	-	-
Payments for capital assets	45	17	35	-	56	56	56
Other machinery and equipment	45	17	35	-	56	56	56
Total	11 707	11 692	13 848	17 998	22 413	23 546	25 031

5.6.2 PERFORMANCE AND EXPENDITURE TRENDS

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

- 1) Programme 2 (Sector Policy and Research) has been allocated R70.9 million over the medium term and R22.4 million for the 2018/19 financial year.
- 2) The spending focus over the medium term for Sector Policy and Research will be on the four sub-programmes namely Research, Policy, and Legislation, Monitoring and Evaluation and International Relations. Funds allocated to human capital amount to R33.2 million over the medium term and R10.8 million for the 2018/19 financial year. The operational requirements allocation amounts to R37.5 million over the medium and R11.6 million for the 2018/19 financial year.
- 3) The main cost driver besides human capital amount is in operations wherein R7.1 million has been budgeted to support the research programme and R3 million on travel and subsistence.

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 programme implementation focus of Programme 3 results in delivery against the following Strategic Goals and their aligned Strategic Objectives:

Goal 1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME's and co-operatives.

Strategic Objective 1.2. An integrated approach to planning, monitoring and evaluation of the Co-operatives Sector, to inform policy decision making.

Goal 2: Equitable access to responsive and targeted products and services that enable the growth and development of SMME's and co-operatives.

Strategic Objective 2.1. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing co-operatives.

Goal 4: An enhanced contribution to socio-economic development outcomes by the sector.

Strategic Objective 4.2. Sustainable partnerships to support the co-operatives development agenda.

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

6.2 PROGRAMME 3: STRATEGIC OBJECTIVE ANNUAL TARGETS

Link to Strategic Goal	Strategic Objective	Strategic Objective Statement	Strategic Plan Objective Target (Target To 2020)	Audited Actual Performance			Estimated Performance	Medium Term Targets		
				2014/15	2015/16	2016/17		2018/19	2019/20	2020/21 (New Cycle)
1: Policy and planning coherence in the sector, that promotes an enabling eco-system for SMME's and co-operatives.	1.2. An integrated approach to planning, monitoring and evaluation of the Co-operatives Sector, to inform policy decision making.	Enhanced support, coordination and enabling of sustainable and competitive co-operatives through the promulgation and implementation of the Co-operatives Development Act and aligned Strategy.	Implementation Action Plan for the Co-operatives Development Act and aligned Co-operatives Development Strategy.	-	-	New indicator.	Co-operatives Development Act awaiting promulgation by President. Midterm Review of the Co-operatives Strategy completed.	Consult and finalise a concept document on the amendments to the Act, and for the roll out of the Act. Outcome Report on midterm Review of the Co-operatives Strategy, articulating findings and recommendations for possible revision in 2019/20.	Action Plan on the findings of the Midterm Review of the Co-operatives Strategy - informing the implementation of an integrated approach to co-operatives development - submitted to Minister for approval.	Implementation of the Action Plan for an integrated approach to co-operatives development planning, monitoring and evaluation.

Link to Strategic Goal	Strategic Objective	Strategic Objective Statement	Strategic Plan Objective Target (Target To 2020)	Audited Actual Performance			Estimated Performance	Medium Term Targets		
				2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMME's and co-operatives.	2.1. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing co-operatives.	Programme assessment on progress against MTSF targets in terms of the DSBD and Entity co-operatives financial and non-financial support programmes.	Consolidated end-of-term programme assessment on progress against MTSF targets in terms of the DSBD and Entity co-operatives financial and non-financial support programmes.	-	-	New indicator.	Annual programme assessment on progress against MTSF targets in terms of the DSBD and Entity co-operatives financial and non-financial support programmes, conducted in Q4.	Annual programme assessment on progress against MTSF targets in terms of the DSBD and Entity co-operatives financial and non-financial support programmes, conducted in Q4.	Consolidated end-of-term programme assessment on progress against MTSF targets in terms of the DSBD and Entity co-operatives financial and non-financial support programmes, conducted in Q4.	Annual programme assessment on progress against MTSF targets in terms of the DSBD and Entity co-operatives financial and non-financial support programmes, conducted in Q4.

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

Strategic Objective	Performance Indicator	Audited Actual Performance			Estimated Performance	Medium Term Targets			
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)	
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME's and co-operatives									
1.2 An integrated approach to planning, monitoring and evaluation of the Co-operatives Sector, to inform policy decision making.	Number of Co-operative Forums convened per annum, as the vehicle to drive a shared and common vision and priorities across the co-operatives Sector.	-	-	-	New indicator.	Four (4) Co-operative Forums convened per annum.	Four (4) Co-operative Forums convened per annum.	Four (4) Co-operative Forums convened per annum.	
	Number of Cooperatives and SMMEs linked to market and procurement opportunities in the public sector, state-owned entities and private sector.	-	-	-	-	100 Cooperatives and SMMEs linked to market and procurement opportunities in the public sector, state-owned entities and private sector	150 Cooperatives and SMMEs linked to market and procurement opportunities in the public sector, state-owned entities and private sector	200 Cooperatives and SMMEs linked to market and procurement opportunities in the public sector, state-owned entities and private sector	
	Number of Provinces supported to develop aligned provincial co-operatives strategies.	-	New indicator.	3 Provinces supported to develop aligned provincial co-operatives strategies (Gauteng, Eastern Cape, Kwa-Zulu Natal)	-	Two (2) Provinces supported to develop aligned provincial co-operatives strategies (Free State, Mpumalanga)	Two (2) Provinces supported to develop aligned provincial co-operatives strategies (North West, Limpopo)	Two (2) Provinces supported to develop aligned provincial co-operatives strategies (Northern Cape, Western Cape)	

Strategic Objective	Performance Indicator	Audited Actual Performance			Estimated Performance	Medium Term Targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
1.2 An integrated approach to planning, monitoring and evaluation of the Co-operatives Sector, to inform policy decision making.	Number of Municipalities supported to integrate co-operatives support into their IDP's.	-	-	-	New indicator.	Five (5) District municipalities supported to integrate co-operatives support into their Plan's.	Ten (10) District municipalities supported to integrate co-operatives support into their Plan's.	Fifteen (15) District municipalities supported to integrate co-operatives support into their Plan's.
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMME's and co-operatives								
2.1 Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing co-operatives.	Annual assessment on the development impact of co-operatives funded through the Co-operatives Incentive Scheme(CIS) conducted.	-	-	New indicator.	Review of development impact of Co-operatives funded by the DSBD in 2015/16 produced.	Annual assessment on the development impact of co-operatives funded through the Co-operatives supported .	Annual assessment on the development impact of co-operatives funded through the Co-operatives supported	Annual assessment on the development impact of co-operatives funded through the Co-operatives supported.
	Number of co-operatives supported financially through the CIS.	New indicator.	350 co-operatives supported financially through the CIS.	370 co-operatives supported financially through the CIS.	270 co-operatives supported financially through the CIS.	122 co-operatives supported financially through the CIS.	N/A (Migrated to Entities)	-
	Number of co-operatives supported through training (Linked to CIS).	New indicator.	350 co-operatives supported through training.	370 co-operatives supported through training.	270 co-operatives supported through training.	122 co-operatives supported through training.	N/A (Migrated to Entities)	-

6.4 PROGRAMME 3: QUARTERLY TARGETS FOR 2018/19

Strategic Objective	Performance Indicator	Reporting Period	2018/19 Annual Target	Quarterly Targets			
				Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME's and co-operatives							
1.2. An integrated approach to planning, monitoring and evaluation Co-operatives Sector, to inform policy decision making.	Number of Co-operative forums convened per annum, as the vehicle to drive a shared and common vision and priorities across the co-operatives Sector.	Quarterly	Four (4) Co-operative Forums convened per annum.	One (1) Co-operative Forum convened.	One (1) Co-operative Forum convened.	One (1) Co-operative Forum convened.	One (1) Co-operative Forum convened.
	Number of Cooperatives and SMMEs linked to market and procurement opportunities in the public sector, state-owned entities and private sector.	Quarterly	100 Cooperatives and SMMEs linked to market and procurement opportunities in the public sector, state-owned entities and private sector.	Ten (10) Cooperatives and SMMEs linked to market and procurement opportunities in the public sector, state-owned entities and private sector.	Twenty (20) Cooperatives and SMMEs linked to market and procurement opportunities in the public sector, state-owned entities and private sector.	Thirty (30) Cooperatives and SMMEs linked to market and procurement opportunities in the public sector, state-owned entities and private sector.	Forty (40) Cooperatives and SMMEs linked to market and procurement opportunities in the public sector, state-owned entities and private sector.
	Number of Provinces supported to develop aligned provincial co-operatives strategies.	Quarterly	Two (2) Provinces supported to develop aligned provincial co-operatives strategies (Free State, North West, Mpumalanga)	Plan of action for two (2) Provinces developed.	Consultations with Provinces.	Consultations with Provinces.	Two (2) Provinces supported to develop aligned provincial co-operatives strategies.
	Number of Municipalities supported to integrate co-operatives support into their IDP's.	Quarterly	Five (5) District Municipalities supported to integrate co-operatives support into their Plan's,	Plan of action for five (5) Districts developed,	Consultations with Districts,	Five (5) District Municipalities supported to integrate co-operatives support into their Plan's.	Plan of action for 2019/20 developed.

Strategic Objective	Performance Indicator	Reporting Period	2018/19 Annual Target	Quarterly Targets			
				Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMME's and co-operatives							
2.1. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing co-operatives.	Annual assessment on the development impact of co-operatives funded through the Co-operatives Incentive Scheme(CIS) conducted	Quarterly	Annual assessment on the development impact of co-operatives funded through the Co-operatives supported	Terms of Reference finalised and Annual Assessment commissioned.	Annual assessment on the development impact of co-operatives funded through the Co-operatives supported.	Remedial actions arising from the Report defined and communicated to stakeholders.	Evaluation of progress in implementation of remedial actions. Refine tool for use in next financial year.
	Number of co-operatives supported financially through the CIS.	Quarterly	122 co-operatives supported financially through the CIS.	30 (Inclusive of 1 Secondary Co-operative/ Cluster Model Co-operatives).	31 (inclusive of 1 Secondary Co-operative/ Cluster Model Co-operatives).	31 (inclusive of 1 Secondary Co-operative/ Cluster Model Co-operatives).	30 (inclusive of 1 Secondary Co-operative/ Cluster Model Co-operatives).
	Number of co-operatives supported through training (Linked to CIS).	Quarterly	122 co-operatives supported through training.	30 co-operatives supported through training.	31 co-operatives supported through training.	31 co-operatives supported through training.	30 co-operatives supported through training.

6.5 PROGRAMME 3: RISK IDENTIFICATION AND MITIGATION

Aligned to the Programme Strategic Objectives, key risks identified and requiring mitigation in 2018/19 are as follows:

Strategic Goal	Strategic Objective	Associated Risk	Mitigation needed
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME's and co-operatives.	1.2. An integrated approach to planning, monitoring and evaluation of the Co-operatives Sector, to inform policy decision making.	Unavailability of stakeholders and lack of programme implementation.	Strengthen Portfolio strategic planning approach and M&E and reporting systems.
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMME's and co-operatives.	2.1. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing co-operatives.	1. Lack of change management. 2. Possible disruption of service delivery.	Strengthen Portfolio strategic planning approach and M&E and reporting systems.

Strategic Goal	Strategic Objective	Associated Risk	Mitigation needed
3: An enhanced contribution to socio-economic development outcomes by the sector.	4.2. Sustainable partnerships to support the co-operatives development agenda.	1. Non-committal of potential investors and institutions. 2. Delayed availability of funds, renegeing on commitments.	1. Strengthen partnering engagements. 2. Leverage Economic Cluster Forums and Cabinet.

The above risks will inform the rolling annual Risk Register and Risk Management Plans for the period, which will be reported on quarterly.

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

6.6.1 EXPENDITURE ESTIMATES

Programme 3 (R'000)	Audited outcome			Main appropriation	Medium-term expenditure estimate		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Cooperatives Development	3 393	3 949	6 847	7 976	10 728	11 871	12 667
Cooperatives Programme Design and Support	85 428	85 778	76 136	90 545	94 406	99 709	105 426
Supplier Development and Market Access Support	-	-	9 585	8 278	5 900	6 163	6 581
Total	88 821	89 727	92 568	106 799	111 034	117 743	124 674
Economic classification							
Current payments	13 821	14 696	28 689	28 049	27 682	29 724	31 815
Compensation of employees	11 647	13 375	23 554	22 546	19 768	21 544	23 170
Goods and services	2 174	1 321	5 135	5 503	7 914	8 180	8 645
Transfers and subsidies	75 000	75 019	63 879	78 750	83 318	87 984	92 823
Public Corporations	75 000	75 000	63 879	78 750	83 318	87 984	92 823
Households	-	19	-	-	-	-	-
Payments for capital assets	-	12	-	-	34	35	36
Other machinery and equipment	-	12	-	-	34	35	36
Total	88 821	89 727	92 568	106 799	111 034	117 743	124 674

6.6.2 PERFORMANCE AND EXPENDITURE TRENDS

In planning for 2018/19 and the MTEF, the 2017/18 APP Programme 3 (which focused on both co-operatives and SMME support) has been split into two budget programmes.

Considerations for budget allocations, for Programme 3, are as follows:

- 1) In Programme 3 (Intergrated Cooperatives Development) has been allocated R353.3 million over the medium term and R111 million for the 2018/19 financial year.
- 2) The spending focus over the medium term for the Intergrated Cooperatives Development Programme will be on the three sub-programmes namely Cooperatives Development, Cooperatives Programme Design and Support and Supplier Development and Market Access Support.
- 3) The main cost driver for the programme is transfers amounting to R264 million (75%) over the medium term and R83.3 million (75%) for the 2018/19 financial year. Funds allocated to human capital amount to R64.5 million (18.2%) over the medium terms and R19.8 million for the 2018/19 financial year. Operational requirements are allocated R24.7 million over the medium term and R7.9 million for the 2018/19 financial year.
- 4) The focus for the 2018/19 financial year will be on provision of financial and non-financial support to cooperatives by the department and the departmental entities.

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.

The programme implementation focus of Programme 4 results in delivery against the following Strategic Goals and their aligned Strategic Objectives:

Goal 1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME's and co-operatives.

Strategic Objective 1.3. An integrated approach to planning, monitoring and evaluation of the SMME's development sector, to inform policy decision making.

Goal 2: Equitable access to responsive and targeted products and services that enable the growth and development of SMME's and co-operatives.

Strategic Objective 2.2. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing SMME's.

Goal 3: Sound governance and the optimal utilisation of available resources.

Strategic Objective 3.2. Sound institutional governance and oversight of the SBD Portfolio entities.

Goal 4: An enhanced contribution to socio-economic development outcomes by the sector.

Strategic Objective 4.3. Sustainable partnerships to support the SMME development agenda.

Goal 5: A professional and capacitated SBD Sector.

Strategic Objective 5.1. Coordinated development of the skills pool across the sector.

10.4.1. Programme 4: Sub-Programmes

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

1) **Enterprise and Supplier 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; and

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 SMME's in the supply value chains of corporations, State Owned Enterprises and government departments. To further work with municipalities through their Development Plans to develop, enhance and implement the enterprise development programmes toward improved Local Economic Development.

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

7.2 PROGRAMME 4: STRATEGIC OBJECTIVE ANNUAL TARGETS

Link to Strategic Goal	Strategic Objective	Strategic Objective Statement	Strategic Plan Objective Target (Target To 2020)	Audited Actual Performance			Estimated Performance	Medium Term Targets		
				2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
1: Policy and planning coherence in the sector, that promotes an enabling eco-system for SMME's and co-operatives.	1.3. An integrated approach to planning, monitoring and evaluation of the SMME sector, to inform policy decision making.	Enhanced support, coordination and enabling of sustainable and competitive SMME's through the Revised Strategy on the Promotion of Entrepreneurship and Small Enterprises, based on the Outcome of the Evaluation.	Revised Strategy on the Promotion of Entrepreneurship and Small Enterprises, submitted for Cabinet approval in 2019/20.	-	-	New indicator.	Initiation of the evaluation of the Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises.	Outcome Report on Evaluation, articulating findings and recommendations for revision in 2018/19.	Revised Strategy on the Promotion of Entrepreneurship and Small Enterprises, based on the Outcome of the Evaluation, submitted for Cabinet approval.	-

Link to Strategic Goal	Strategic Objective	Strategic Objective Statement	Strategic Plan Objective Target (Target To 2020)	Audited Actual Performance			Estimated Performance	Medium Term Targets		
				2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
3: Sound governance and the optimal utilisation of available resources.	3.2. Sound institutional governance and oversight of the Small Business Development Portfolio.	Sound governance and oversight of the Portfolio by conducting performance evaluations of Public Entities against the strategic intent reflected in the Shareholder Compacts.	Consolidated Analysis for the MTSF term (2015-20) on the performance of SBD Public Entities against signed Shareholder Compacts, tabled to Exco in Q4 2019/20.	-	-	New indicator	Annual appraisal of Business Plans and Shareholder Compacts of SBD Public Entities.	Annual Appraisal of Business Plans and Shareholder Compacts of SBD Public Entities.	Annual Appraisal of Business Plans and Shareholder Compacts of SBD Public Entities. Consolidated Analysis for the MTSF term (2015-20) on the performance of SBD Public Entities against signed Shareholder Compacts, tabled to Exco.	Annual Appraisal of Business Plans and Shareholder Compacts of SBD Public Entities.
4: An enhanced contribution to socio-economic development outcomes by the sector.	4.3. Sustainable partnerships to support the SMME development agenda.	Cumulative Rand Value of resources leveraged through partnerships with sector stakeholders.	R45m of resources leveraged through partnerships with sector stakeholders by 2019/20.	-	New indicator.	R30m leveraged through partnerships with sector stakeholders.	R32.5m leveraged through partnerships with sector stakeholders.	R37.5m leveraged through partnerships with sector stakeholders.	R45m leveraged through partnerships with sector stakeholders.	R55m leveraged through partnerships with sector stakeholders.

Link to Strategic Goal	Strategic Objective	Strategic Objective Statement	Strategic Plan Objective Target (Target To 2020)	Audited Actual Performance			Estimated Performance	Medium Term Targets		
				2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
5: A professional and capacitated SBD Sector.	5.1. Coordinated development of the skills pool across the sector.	DSBD to work with the sector towards the development of a framework of standards for professionalisation of Business Advisory services.	Finalisation of framework of standards for professionalisation of Business Advisory services by 2019/20.	-	-	-	New indicator.	Consultation on a framework of standards for professionalisation of Business Advisory services First draft framework of standards for professionalisation of Business Advisory services developed.	Finalisation of framework of standards for professionalisation of Business Advisory services.	Accreditation body established.

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

Strategic Objective	Performance Indicator	Audited Actual Performance			Estimated Performance	Medium Term Targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME’s and co-operatives								
	Number of Inter-Governmental Relations (IGR) Forums convened.	-	New indicator.	Four (4) Inter-Governmental Relation Forums conducted per annum.	Four (4) IGR Forums conducted per annum.	Four (4) IGR Forums conducted per annum.	Four (4) IGR Forums conducted per annum.	Four (4) IGR Forums conducted per annum.
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMME’s and co-operatives								
2.2 Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing SMME’s.	Number of Informal Business Infrastructure partnership agreements secured.	New indicator.	Six (6) Informal Business Infrastructure partnership agreements secured.	Six (6) Informal Business Infrastructure partnership agreements secured.	Six (6) Informal Business Infrastructure partnership agreements secured.	Six (6) Informal Business Infrastructure partnership agreements secured.	Ten (10) Informal Business Infrastructure partnership agreements secured.	Fifteen (15) Informal Business Infrastructure partnership agreements secured.
	Number of black SMME’s supported through the BBSDP.	New indicator.	480 black SMME’s supported through the BBSDP.	600 black SMME’s supported through the BBSDP.	641 black SMME’s supported through the BBSDP	677 black SMME’s supported through the BBSDP.	N/A (Migrated to Entities)	-
	Number of Informal businesses supported through the IMEDP.	New indicator.	1000 Informal businesses supported through the IMEDP.	1600 Informal businesses supported through the IMEDP.	1696 Informal businesses supported through the IMEDP.	1000 Informal businesses supported through the IMEDP.	N/A (Migrated to Entities)	-

Strategic Objective	Performance Indicator	Audited Actual Performance			Estimated Performance	Medium Term Targets		
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 (New Cycle)
	Number of SMMEs incubators supported through the Enterprise Incubation Programme (EIP).	-	-	-	New Indicator	Eleven (11) SMMEs incubators supported through the Enterprise Incubation Programme (EIP).	N/A (Migrated to Entities).	-
4: An enhanced contribution to socio-economic development outcomes by the sector								
4.3. Sustainable partnerships to support the SMME development agenda.	Rand value of resources leveraged through partnerships with sector stakeholders per annum.	-	New indicator.	R65m leveraged through partnerships with sector stakeholders per annum	R10m leveraged through partnerships with sector stakeholders per annum	R5m worth of resources leveraged through partnerships with sector stakeholders.	R7.5m worth of resources leveraged through partnerships with sector stakeholders.	R10m worth of resources leveraged through partnerships with sector stakeholders.
5: A professional and capacitated SBD Sector								
	Development of a draft framework of standards for professionalisation of Business Advisory services.	-	-	-	New indicator.	Draft framework of standards for professionalisation of Business Advisory services developed.	Finalisation of framework of standards for professionalisation of Business Advisory services.	

7.4 PROGRAMME 4: QUARTERLY TARGETS FOR 2018/19

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	Reporting Period	2018/19 Annual Target	QUARTERLY TARGETS			
				Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME's and co-operatives							
	Number of IGR Forums convened.	Bi-annual	Four (4) IGR Forums conducted per annum.	One (1) IGR Forum conducted.	One (1) IGR Forum conducted..	One (1) IGR Forum conducted.	One (1) IGR Forum conducted.
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMME's and co-operatives							
2.2. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing SMME's.	Number of Informal Business Infrastructure partnership agreements secured.	Quarterly	Six (6) Informal Business Infrastructure partnership agreements secured.	One (1) Informal Business Infrastructure Partnership agreement secured.	Two (2) Informal Business Infrastructure Partnership agreements secured.	Two (2) Informal Business Infrastructure Partnership agreements secured.	One (1) Informal Business Infrastructure Partnership agreement secured.
	Number of black SMME's supported through the BBSDP.	Quarterly	677 black SMME's supported through the BBSDP.	140 black SMME's supported through the BBSDP	200 black SMME's supported through the BBSDP	200 black SMME's supported through the BBSDP	137 black SMME's supported through the BBSDP
	Number of Informal businesses supported through the IMEDP.	Quarterly	1000 Informal businesses supported through the IMEDP.	200 Informal businesses supported through the IMEDP.	300 Informal businesses supported through the IMEDP.	300 Informal businesses supported through the IMEDP.	200 Informal businesses supported through the IMEDP.
	Number of SMMEs incubators supported through the Enterprise Incubation Programme (EIP).	Quarterly	11 SMMEs incubators supported through the Enterprise Incubation Programme (EIP).	M&E and review process completed 11 Incubators recommended for approval	- Eleven (11) Incubators supported	- Eleven (11) existing Incubators supported	- Eleven (11) existing Incubators supported

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	Reporting Period	2018/19 Annual Target	QUARTERLY TARGETS			
				Q1 Apr - Jun 2018	Q2 Jul - Sep 2018	Q3 Oct - Dec 2018	Q4 Jan - Mar 2019
4: An enhanced contribution to socio-economic development outcomes by the sector							
4.3. Sustainable partnerships to support the SMME development agenda.	Rand value of resources leveraged through partnerships with sector stakeholders.	Quarterly	R5m worth of resources leveraged through partnerships with sector stakeholders.	Consultations and negotiations.	R1m secured.	R2m secured.	R2m secured.
5: A professional and capacitated SBD Sector							
	Development of a framework of standards for professionalisation of Business Advisory services.	Quarterly	Draft framework of standards for professionalisation of Business Advisory services developed.	Consultation with sector stakeholders.	Consultation with sector stakeholders.	Consultation with sector stakeholders.	Draft framework of standards for professionalisation of Business Advisory services developed.

7.5 PROGRAMME 4: RISK IDENTIFICATION AND MITIGATION

Aligned to the Programme Strategic Objectives, key risks identified and requiring mitigation in 2018/19 are as follows:

Strategic Goal	Strategic Objective	Associated Risk	Mitigation needed
1: Policy and planning coherence in the sector, that promotes an enabling ecosystem for SMME's and co-operatives.	1.3. An integrated approach to planning, monitoring and evaluation of the SMME's development sector, to inform policy decision making.	Unavailability of stakeholders and lack of programme implementation.	Strengthen Portfolio strategic planning approach and M&E and reporting systems.
2: Equitable access to responsive and targeted products and services that enable the growth and development of SMME's and co-operatives.	2.2. Oversight and coordination of the design and implementation of targeted financial and non-financial support programmes to support new and existing SMME's.	1. Lack of change management. 2. Possible disruption of service delivery.	Strengthen Portfolio strategic planning approach and M&E and reporting systems.
3: Sound governance and the optimal utilisation of available resources.	3.2. Sound institutional governance and oversight of the SBD Portfolio entities.	Non-compliance with PFMA requirements.	Strengthen Portfolio strategic planning approach and M&E and reporting systems.

Strategic Goal	Strategic Objective	Associated Risk	Mitigation needed
4: An enhanced contribution to socio-economic development outcomes by the sector.	4.3. Sustainable partnerships to support the SMME development agenda.	1. Non-committal of potential investors and institutions. 2. Delayed availability of funds, renege on commitments.	1. Strengthen partnering engagements. 2. Leverage Economic Cluster Forums and Cabinet.
5: A professional and capacitated SBD Sector.	5.1. Coordinated development of the skills pool across the sector.	Non-committal of potential investors and institutions. Resource constraints.	Strengthen partnering engagements. Leverage Economic Cluster Forums and Cabinet.

The above risks will inform the rolling annual Risk Register and Risk Management Plans for the period, which will be reported on quarterly.

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

7.6.1 EXPENDITURE ESTIMATES

Programme 4 (R'000)	Audited outcome			Main appropriation	Medium-term expenditure estimate		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Enterprise Development and Supplier Development	681 234	652 836	675 944	794 152	787 078	835 959	875 434
SMMEs Programme Design and Support	288 729	235 635	282 540	268 545	290 968	1 307 266	1 379 581
SMME Competitiveness	32 669	42 555	12 816	91 023	89 427	91 141	103 487
Entrepreneurship	-	-	20 400	75 539	62 804	64 349	68 028
Enterprise Development and Supplier Development	1 002 632	931 026	991 700	1 229 259	1 230 277	2 298 715	2 426 530
Economic classification							
Current payments	54 158	47 603	40 136	41 863	51 893	54 343	58 361
Compensation of employees	40 916	35 259	27 986	33 992	42 648	46 703	50 241

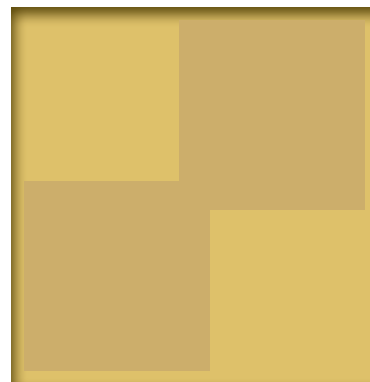
Programme 4 (R'000)	Audited outcome			Main appropriation	Medium-term expenditure estimate		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Goods and services	13 242	12 344	12 150	7 871	9 245	7 640	8 120
Transfers and subsidies	948 020	883 230	951 492	1 187 396	1 178 280	2 244 263	2 368 056
Departmental agencies and accounts	644 398	622 835	652 914	767 301	769 452	815 861	854 167
Public Corporations	287 302	243 625	298 409	420 095	408 828	1 428 402	1 513 889
Non-profit institutions	16 320	16 726	100	-	-	-	-
Households	-	44	69	-	-	-	-
Payments for capital assets	454	193	72	-	104	109	113
Other machinery and equipment	454	193	72	-	104	109	113
Total	1 002 632	931 026	991 700	1 229 259	1 230 277	2 298 715	2 426 530

7.6.2 PERFORMANCE AND EXPENDITURE TRENDS

In planning for 2018/19 and the MTEF, the 2017/18 APP Programme 3 (which focused on both co-operatives and SMME support) has been split into two budget Programmes. New Programme 4 considerations for budget allocations are as follows:

- 1) Programme 4 (Enterprise Development and Entrepreneurship) has been allocated R5.9 billion over the medium term and R1.2 billion for the 2018/19 financial year.
- 2) The spending focus over the medium term for the Enterprise Development and Entrepreneurship Programme will be on the four sub-programmes namely Enterprise Development and Supplier Development, SMMEs Programme Design and Support, SMME Competitiveness and Entrepreneurship.
- 3) The main cost driver for the programme is transfers amounting to R5.8 billion (97.2%) over the medium term and R1.2 billion (95.8%) for the 2018/19 financial year. Funds allocated to human capital amount to R139.6 million (2.3%) over the medium terms and R42.6 million for the 2018/19 financial year. Operational requirements are allocated R25 million over the medium term and R9.2 million for the 2018/19 financial year.
- 4) The focus for the 2018/19 financial year will be on provision of financial and non-financial business support by the Department and the departmental entities.

LINKS TO OTHER PLANS



PART C

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.

Public Entities reporting to the Minister 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.

Name of Public Entity	Enabling Legislation	Mandate and Purpose	Monitoring and Evaluation	Transfer to Public Entity (R'000.00)	
				2017/18	2018/19
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.	R767 301	R769 452
Small Enterprise Finance Agency (sefa)	Section 3 (d) of the Industrial Development Corporation Act, No. 22 of 1940 (IDC Act).	sefa supports the development of sustainable SMME's through the provision of finance. The mission of sefa is to provide access to finance to Survivalist, Micro, Small and Medium businesses throughout South Africa.	Performance evaluation is undertaken on a quarterly basis.	N/A	N/A

In terms of the Co-operatives Development Act, 2005 (No. 14 of 2005), as amended, the Department is to establish and operationalise the Co-operatives Development Agency (CDA); the Co-operatives Tribunal and the Co-operatives Advisory Council, to enhance the sustainability and competitiveness of co-operatives.

Due to the current fiscal environment and budget constraints, the Co-operatives Development Agency (CDA) will be incubated in the Small Enterprise Development Agency until such time that the Department is able to fund the CDA as a standalone agency.

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. Monitoring visits are scheduled quarterly with identified entities, especially where there are challenges that need urgent intervention.

The department is still to establish coordinating structures such as CEO, CFO, Sector specific and Chairpersons Forums, through which the Executive Authority, Accounting Officer and senior management can engage with the entities to discuss issues that affect the implementation and delivery of entities mandates.

To date, the Accounting Officer, CEO's and senior management engage quarterly - prior to and after the performance reporting to the Portfolio Committee. Decisions and resolutions arising from these engagements are monitored to ensure their implementation.

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.

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