



SMALL ENTERPRISE DEVELOPMENT AND FINANCE AGENCY SOC LIMITED

ANNUAL PERFORMANCE PLAN FOR 2025–2026



**small business
development**

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

EXECUTIVE AUTHORITY STATEMENT

It is with great honour that I present the 2025/26 Annual Performance Plan (APP) for the Small Enterprise Development and Finance Agency (SEDFA). The plan for the 2025/26 financial year marks year one of this newly established entity which seeks to ensure small enterprises make a more meaningful contribution towards growing the South African economy – a milestone which marks a transformative period in South Africa's journey towards inclusive economic growth, underpinned by the contributions of innovative and resilient small enterprises. SEDFA emerges as a unified entity from the consolidation of the Small Enterprise Development Agency (Seda), the Small Enterprise Finance Agency (**sefa**), and the Co-operative Banks Development Agency (CBDA), reflecting our government's commitment to enhancing support for small enterprises and fostering a cohesive ecosystem for their growth.

At the heart of our mission is the vision of empowering small enterprises to contribute meaningfully to economic transformation and sustainable job creation, as outlined in the National Integrated Small Enterprise Development (NISED) Strategic Framework. SEDFA aligns its objectives with the National Development Plan (NDP) Vision 2030, which recognises small enterprises as pivotal in generating employment opportunities for South African citizens. By uniting financial and non-financial support mechanisms, SEDFA aims to bridge systemic gaps and ensure accessibility for underserved communities, with a particular focus on women, youth, and persons with disabilities (PWDs).

This plan is informed by the legislative and policy context set forth by the National Small Enterprise Amendment Act 21 of 2024 (NSEAA) and the Medium-Term Development Plan (MTDP) 2024–2029, which prioritises inclusive growth, job creation, and the development of an ethical, capable and developmental State. SEDFA also integrates the principles of the National Climate Change Response Policy (NCCRP), advancing sustainable practices and green initiatives in small enterprise development.

On the global stage, South Africa's 2025 G20 Presidency presents an opportunity to highlight the role of small enterprises in promoting equitable growth. In particular, SEDFA will champion priorities relating to the positioning of small enterprises as the centre of economic growth and development while emphasising enhanced transparency, national and global access to markets and ethical governance in enterprise development. This alignment positions South Africa as a leader in promoting fair trade and responsible entrepreneurship within the G20 framework.

South Africa's small enterprise sector is a critical pillar of the economy, employing approximately 13.7 million individuals and contributing R5.4 trillion in turnover. Despite this, the sector faces significant challenges, including financial constraints, regulatory burdens, and limited access to markets and skills development. The impact of these challenges is evident in the high business discontinuance rate and the concentration of economic activity in urban areas, leaving rural and township enterprises underserved. The service sector continues to dominate the small enterprise landscape, accounting for over 70% of economic activity, with manufacturing, agriculture, and technology-driven enterprises lagging behind. While opportunities exist in emerging sectors such as green industries, renewable energy, and Information and Communication Technology (ICT), the entrepreneurial ecosystem must be reoriented to enable small enterprises to fully leverage these opportunities.

The socio-economic context remains challenging, with persistent inequality, unemployment, and economic stagnation exacerbated by global uncertainties. However, these challenges highlight the urgency of SEDFA's interventions. By leveraging partnerships with development finance institutions (DFIs), private sector players, and multilateral organisations, SEDFA will enhance its capacity to provide integrated support to small enterprises, driving localised economic growth and resilience.

SEDFA's immediate focus will be on promoting entrepreneurship as a viable alternative to formal employment, addressing South Africa's unemployment challenges. Central to its mandate is the coordination of a unified response from key stakeholders, including government entities, private sector players, and non-governmental organisations, to streamline small enterprise support and remove systemic bottlenecks. SEDFA is committed to delivering consistent and uniform support services across the ecosystem, encompassing both financial and non-financial assistance, such as start-up capital and business advisory services. Furthermore, the agency seeks to balance its developmental objectives with commercial sustainability, promoting resilient enterprises and responsible lending practices while prioritising key sectors, such as tradeable services, manufacturing, agriculture, construction, mining, and green industries.

As the apex agency steering small enterprise development and financing, SEDFA is committed to innovation, agility, and accountability, and will establish digital platforms and data-driven strategies to deliver tailored support across the business lifecycle.

The entity's establishment marks a new era in South Africa's economic narrative, one where small enterprises become engines of transformation, innovation, and job creation. SEDFA must play a pivotal role in addressing South Africa's triple challenges of poverty, inequality, and unemployment. Achieving this mandate necessitates the effective mobilisation of the small enterprise ecosystem, underpinned by the establishment and reinforcement of social compacts with key stakeholders across society.

By addressing market inefficiencies, empowering entrepreneurs, and promoting inclusive growth, SEDFA will play a central role in realising the aspirations of the NDP and positioning South Africa as a beacon of opportunity on the global stage.

Together, let us embrace this journey of building a resilient and inclusive economy, rooted in the spirit of ubuntu and driven by the boundless potential of our small enterprises.



Honourable S. Ndabeni-Abrahams, MP

Minister for Small Business Development

ACCOUNTING AUTHORITY STATEMENT

It is with pride and a deep sense of responsibility that I present the SEDFA APP for 2025/26. The annual plan represents a bold and transformative vision to position South Africa's small enterprise sector as a cornerstone of inclusive economic growth, job creation, and sustainable development.

The establishment of SEDFA on 1 October 2024, under the National Small Enterprise Amendment Act, consolidated the mandates and functions of Seda, **sefa**, and CBDA into a unified entity. This strategic integration reflects the government's commitment to reducing inefficiencies, enhancing service delivery, and driving impactful support for small enterprises. SEDFA embodies its vision to *"Empower South Africa's small businesses for inclusive growth, transformation, and sustainable employment."*

To unlock the full potential of South Africa's small enterprise sector, targeted interventions are required across several key areas and the following have informed priority setting for the 2025/26 financial year.

Access to affordable capital is fundamental to the growth and sustainability of small enterprises. SEDFA will play a pivotal role in enhancing financial inclusion through mechanisms such as credit guarantees, blended finance models, and tailored funding solutions. By prioritising survivalist enterprises and those in underserved communities, SEDFA aims to bridge the gap for those most in need. Simultaneously, market access initiatives, including digital platforms and export facilitation programmes, will connect small enterprises to domestic and international markets, enabling them to scale their operations effectively.

Reducing red tape is essential to lowering barriers to entry and promoting a conducive environment for entrepreneurship in South Africa, where complex regulations often deter the growth of small enterprises. Many small enterprise owners face challenges navigating registration processes, compliance requirements, and sector-specific regulations, which can delay their ability to enter markets or scale operations. SEDFA will work collaboratively with national, provincial, and local government entities, as well as the private sector, to simplify these processes. This includes streamlining business registration, aligning regulatory requirements across government departments, and leveraging technology to create accessible digital platforms for compliance and reporting.

Furthermore, SEDFA will advocate for reforms that remove unnecessary bureaucratic hurdles, encourage innovation, and establish a more enabling environment for small enterprises to thrive and contribute meaningfully to South Africa's economic transformation. Driving meaningful development in South Africa's small enterprise sector requires a balanced approach that addresses the immediate needs of micro enterprises while promoting growth, innovation, and localisation in high-impact sectors. SEDFA's strategy for the 2025 – 2030 strategic period will therefore align with such an approach through the establishment of a Development Fund to support micro enterprises and a Commercial Fund to advance viable small and medium-sized enterprises (SMEs) in priority sectors through the implementation of high impact projects.

To thrive in an increasingly competitive and dynamic global economy, South Africa's small enterprises must be equipped with the skills, tools, and technologies needed to navigate challenges and seize opportunities. In 2025/26, SEDFA will prioritise targeted sector-specific training, digital literacy programmes, and capacity-building initiatives tailored to the unique needs of South African entrepreneurs. These efforts will focus on empowering small enterprises to embrace technological advancements, enhance operational efficiency, and drive innovative product development. Special attention will be given to high-growth sectors such as renewable energy, ICT, manufacturing, and the green economy, which hold significant potential to contribute to job creation, sustainable growth, and South Africa's global competitiveness.

Geographic disparities have long hindered equitable economic growth in South Africa, with rural and township areas often facing limited access to resources, infrastructure, and support systems. SEDFA is committed to addressing these challenges by enhancing service delivery in these underserved regions. Through tailored interventions, such as support for incubators, digital platforms for business services, and targeted funding mechanisms, SEDFA aims to empower small enterprises to become engines of local economic development. By promoting entrepreneurship and supporting sustainable enterprise growth in rural and township areas, SEDFA seeks to create job opportunities, reduce poverty, and bridge the gap between urban and rural economic participation, contributing to a more inclusive and equitable economy.


SEDFA will champion targeted programmes designed to empower youth, women, and PWDs, who have historically faced systemic barriers to participation in the economy. These initiatives will include mentorship opportunities to develop entrepreneurial skills, accessible funding solutions to support business growth, and tailored business development support to address the unique challenges faced by these groups. By prioritising inclusivity, SEDFA aims to bridge existing gaps, foster diverse entrepreneurial participation, and unlock the potential of underrepresented groups to contribute meaningfully to South Africa's economic growth and social cohesion.

As the global economy transitions towards sustainability, small enterprises must adapt to greener business models. SEDFA will facilitate access to green financing and empower enterprises to adopt environmentally friendly practices, contributing to a resilient and low-carbon economy. The 2025 G20 Presidency offers South Africa a unique platform to highlight the critical role of small enterprises as engines of economic development. In alignment with the G20's priorities, SEDFA will champion initiatives that promote financial inclusion, green economies, and equitable trade. By empowering South Africa's small enterprises to integrate into the value chains of large enterprises, SEDFA aims to amplify their contributions to innovation, economic growth, and job creation.

Effective implementation of this APP will serve as a critical first step towards realisation of the outcomes and impact outlined in the SEDFA's Strategic Plan for 2025–2030 which reflects not only a roadmap for action but also a call for collaboration. Its success depends on the collective commitment of government, private sector, civil society, and development partners.

As Chairperson of the SEDFA Board, I am deeply committed to ensuring the realisation of the entity's vision. On behalf of the board, I extend my sincere gratitude to the Honourable Minister of Small Business Development, Ms. Stella Ndabeni-Abrahams, for her visionary leadership and unwavering support. I also thank the management team and staff for their dedication and tireless efforts in laying the foundation for this transformative journey. Together, we can harness the potential of South Africa's small enterprises to achieve a thriving, inclusive, and sustainable economy.

Let us move forward with determination and purpose, empowering South Africa's small businesses to become the drivers of a better, more inclusive, and resilient future.



Ms Nonzuzo Makanda

Chairperson of the SEDFA Board

STATEMENT BY THE ACCOUNTING OFFICER

As the inaugural operational year for SEDFA, the APP for 2025/26 represents a transformative milestone in South Africa's small enterprise development landscape. It embodies our collective vision to empower South Africa's small businesses for inclusive growth, transformation, and sustainable employment. Guided by our mission, we aim to coordinate and enhance the small enterprise ecosystem, delivering integrated financial and non-financial support, while strengthening co-operative banking institutions and intermediary capacities to provide high-quality services.

Our vision: Empowering South Africa's small businesses for inclusive growth, transformation, and sustainable employment.

Our mission: To provide targeted financial and non-financial support to Micro, Small and Medium Enterprises, and Co-operatives, as well as to promote and coordinate South Africa's small enterprise development ecosystem.

This mission underpins our commitment to being a future-ready, financially sustainable agency that drives impactful outcomes for small enterprises.

Our impact: SEDFA aspires to create a future-ready, sustainable small enterprise sector that drives inclusive economic growth, promotes transformation and empowerment, and creates sustainable employment opportunities.

Our outcomes: The strategic outcomes guiding our efforts include:

- 1) Increased effectiveness of ecosystem support and services for small enterprises.
- 2) Enhanced access to financial services and economically transformed communities through co-operative banking.
- 3) Growth of the small enterprise sector and increased participation in the economy.
- 4) Adequate capital availability to fund the growth and development of small enterprises.
- 5) Increased competitiveness and sustainable growth of small enterprises in priority sectors.
- 6) An innovative, sustainable, and well-governed agency.

SEDFA's establishment in 2024, under the National Small Enterprise Amendment Act (NSEAA), marked a significant consolidation of the mandates of Seda, sefa, and CBDA. This strategic unification addresses systemic challenges, eliminates duplication, and enhances the overall effectiveness of government interventions in the small enterprise space. By integrating financial and non-financial support under a single umbrella, SEDFA provides a cohesive, comprehensive suite of services tailored to the unique needs of South African small enterprises across all stages of their business lifecycle.

Recognising the critical role small enterprises play in the economy, employing 13.7 million individuals and contributing significantly to GDP, SEDFA is dedicated to overcoming barriers such as limited access to finance, regulatory complexities, and market entry challenges. Through our Development Fund and Commercial Fund, we aim to provide vital financial instruments like credit guarantees and blended finance models, while facilitating access to markets via digital platforms and export programmes. Furthermore, we are committed to reducing regulatory burdens and promoting innovation through sector-specific training and support for 4IR technologies and green practices.

Aligned with the NDP Vision 2030 and the MTDP 2024–2029, SEDFA's strategy emphasises inclusive growth, ethical governance, and sustainability. These principles inform our targeted interventions in key sectors such as renewable energy, ICT, manufacturing, and green industries.

South Africa's 2025 G20 Presidency presents an unparalleled opportunity to champion small enterprises as engines of equitable economic development. SEDFA will leverage this platform to integrate South Africa's small enterprises into global value chains, amplifying their contributions to innovation, employment, and sustainability.

2025/26 focus on establishing an integrated service delivery model:

- 1) Targeted service delivery programmes are being designed for integrated and collaborative delivery across all investment stages, including the NISED game changers.
- 2) Customised capacity-building programmes, encompassing both financial and non-financial support, are being developed to enhance the capabilities of CBIs, BDS, financial intermediaries, and incubators as critical ecosystem stakeholders:
 - a) In alignment with the Co-operative Banks Act, the Financial Inclusion Policy, the SMME and Co-operatives Funding Policy, and the Co-operatives Banking Sector Development Strategy, CBIs will be supported and empowered to play a pivotal role as community-based financial intermediaries within the small enterprise development ecosystem.
 - b) BDS providers and non-banking financial intermediaries will receive capacity-building support to enhance their service delivery.
 - c) Incubators will be strengthened and capacitated in line with the sector-specific IBDS Policy.
- 3) Lending and investment (financing services) will be delivered through a combination of direct and indirect financing channels to maximise market reach and impact.
- 4) The credit guarantee mechanism will be expanded and positioned as a transformative tool, significantly increasing access to credit for small enterprises through an extensive network of banking and non-banking credit providers.
- 5) Two primary funds are being established:
 - a) A Development Fund to drive sector-specific growth.
 - b) A Commercial Fund to stimulate output growth across industries.
- 6) Dedicated focus is being placed on capital raising and resource mobilisation to ensure financial sustainability and expanded support capabilities.
- 7) State assets will be optimised through a property strategy aimed at enhancing operational efficiency. Only commercially viable properties will be retained in the medium to long term, with a positive Net Operating Income (NOI) anticipated within the next five years.
- 8) Crucially, the ecosystem will be unified and enhanced through an advanced District Ecosystem Facilitation Model and a digital platform, ensuring streamlined coordination and improved service accessibility.

In closing, I extend heartfelt gratitude to the Honourable Minister of Small Business Development, Ms Stella Ndabeni-Abrahams, for her visionary leadership, and to the Director-General and the department's senior management team for their unwavering support during SEDFA's establishment phase. I also commend our Board, management team, and staff for their dedication in building a robust foundation for SEDFA's transformative mission.

Together, we embark on this journey to build a resilient, inclusive, and sustainable economy, driven by the entrepreneurial spirit of South Africa's small enterprises.



Mr Nkosikhona Mbatha

Acting Chief Executive Officer

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

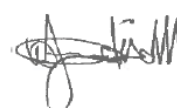
- 1) Was developed by the management of the Small Enterprise Development Finance Agency, under the guidance of the Small Enterprise Development Finance Agency Board and the Minister of Small Business Development.
- 2) Takes into account all the relevant policies, legislation, and other mandates for which the Small Enterprise Development Finance Agency is responsible.
- 3) Accurately reflects the impact and outcomes which the integrated Small Enterprise Development Finance Agency will endeavour to achieve over the period 2025/26.



Mr Siphon Ngcai

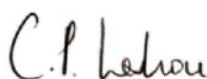
Acting Executive:

Business Development Services



Mr Lwandiso Makupula

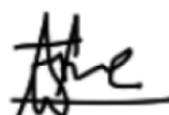
Acting Chief Investment Officer



Mr Colin Leshou

Acting Executive:

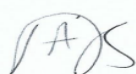
Ecosystem and Stakeholder Management



Ms Nokonwaba Shwala

Acting Executive:

Human Capital



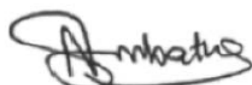
Mr Alroy Dirks

Acting Head of Strategy



Ms Candice Williams

Acting Chief Financial Officer

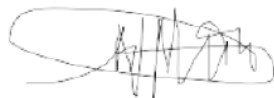


Mr Nkosikhona Mbatha

Acting Chief Executive Officer

Date: 01 April 2025

APPROVED BY:



Ms Nonzuzo Makanda

Chairperson of the SEDFA Board

01 April 2025

Date



Honourable S. Ndabeni-Abrahams, MP

Minister of Small Business Development
(Executive Authority)

03 April 2025

Date

ABBREVIATIONS

4IR	4th Industrial Revolution
AfCFTA	African Continental Free Trade Agreement
AGOA	African Growth and Opportunity Act
AI	Artificial Intelligence
APP	Annual Performance Plan
AU2063	African Union Agenda 2063
BDS	Business Development Services
BRICS+	Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Indonesia, Iran, and the United Arab Emirates
CBDA	Co-operatives Bank Development Agency
CBI	Cooperative Banking Institutions
CFI	Co-operative Financial Institutions
CIPC	Companies and Intellectual Property Commission
COVID-19	Coronavirus Disease 2019
DA	Development Agency
DDM	District Development Model
DEF	District Ecosystem Facilitation
DFI	Development Finance Institution
DSBD	Department of Small Business Development
dtic	Department of Trade, Industry and Competition
EAP	Energy Action Plan
ESD	Enterprise Supplier Development
ESG	Environmental, Social and Governance
FICA	Financial Intelligence Centre Act
FSDRP II	Financial Sector Development and Reform Programme
GDP	Gross Domestic Product
IBDS	Incubation and Business Development Services
ICT	Information and Communication Technology
IDC	Industrial Development Corporation of South Africa Limited
IFRS	International Financial Reporting Standards
<IR>	International Integrated Reporting Framework
ISPESE	Integrated Strategy for the Promotion of Entrepreneurship and Small Enterprise

IT	Information Technology
KCG	Khula Credit-Guarantee
KBP	Khula Business Premises (Pty) Ltd
KZN	KwaZulu-Natal
M&E	Monitoring and Evaluation
MSME	Micro, Small, and Medium Enterprises
MTEF	Medium-Term Expenditure Framework
MTDP	Medium-Term Development Plan
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NISED	National Integrated Small Enterprise Development Strategic Framework, 2023
NSEA	National Small Enterprise Act
NSEAA	National Small Enterprise Amendment Act 21 of 2024
PAR	Portfolio at risk
PFMA	Public Finance Management Act
PWDs	Persons With Disability/ies
SARB	South African Reserve Bank
SARS	South African Revenue Services
SDG	Sustainable Development Goal
SEDA	Small Enterprise Development Agency
SEDFA	Small Enterprise Development Finance Agency
sefa	Small Enterprise Finance Agency
SME	Small and Medium-sized Enterprise
SMME	Small, Medium and Micro Enterprise
StatsSA	Statistics South Africa
TREP	Township and Rural Entrepreneurship Programme
United States	United States of America

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CONTEXT TO THE 2025/26 ANNUAL PERFORMANCE PLAN

The Department of Small Business Development (DSBD) continues to spearhead efforts to create a transformed and inclusive economy driven by sustainable and innovative small enterprises. Central to this mission is the establishment of SEDFA, which consolidates the functions of Seda, **sefa**, and CBDA into a single, unified government business enterprise. This consolidation aims to streamline support and provide a more cohesive and impactful response to the needs of small enterprises, particularly in underserved areas, targeting disadvantaged groups.

As the overarching implementing agent of the DSBD, and in alignment with the NISED Strategic Framework, SEDFA's role is to provide comprehensive financial and non-financial support to small enterprises, with a particular focus on the pre-start-up to growth stages. The agency aims to empower small enterprises by facilitating their transition from start-up to scalable, growth-ready businesses capable of driving job creation and economic growth.

As stated in the business case for the establishment of SEDFA, the rationale for the merger of Seda, **sefa** and CBDA is to create a single integrated institution that can facilitate access to the full spectrum of services previously provided individually by the three entities, thus enhancing access to non-financial and financial support needed by small enterprises in the different stages of the business lifecycle, accessible in all parts of the country. Specifically, to:

- 1) Expand the reach and targeting of government support to address a greater number of small enterprises across the country and to enhance development impact.
- 2) Ensure that small enterprise support interventions are directed at maximum impact and are accessible in all districts (regional presence).
- 3) Pool limited resources, (especially balance sheets) to create a larger more viable base for investments and, over time, the raising of capital.
- 4) Fundamentally transform the way government works and engages with the broader ecosystem and rebuild trust and effective partnerships.
- 5) Rationalise limited resources to ensure that more money is available to small enterprises instead of paying for large, expensive, and generally underperforming entities.
- 6) Establish an entity that will be agile enough to identify and take advantage of opportunities to grow its resources to reinvest in further supporting small enterprises in a sustainable manner.

SEDFA should be seen as groundbreaking in small enterprise development and financing in South Africa and must give expression to the active role of the state in overcoming market inefficiencies that have hindered the participation of, especially, Black-owned small enterprises in the economy. It can also leverage more funds and capabilities from other DFIs, multilateral development partners, institutional investors, impact funders, and the private sector broadly, in order to maximise development support and funding for small enterprises.

The 2025/26 financial year is the first full year of operations of the merged entity. Aligned to the SEDFA's Strategic Plan for 2025–2030, SEDFA will continue to focus on:

- 1) Promoting entrepreneurship: Encouraging entrepreneurial intent as a viable alternative to formal employment, particularly to address unemployment challenges.

- 2) Ecosystem coordination: Facilitating a unified and coordinated response from state actors such as South African Revenue Services (SARS), Companies and Intellectual Property Commission (CIPC), the Department of Labour, the private sector, and non-government organisations to streamline small enterprise support and reduce bottlenecks within the ecosystem.
- 3) Consistent support: Providing uniform support services across the ecosystem, including access to financial and non-financial support, such as seed capital and business advisory services.
- 4) Balancing development and sustainability: Ensuring that SEDFA's developmental mandate is balanced with commercial sustainability to promote resilient enterprises and responsible lending practices.
- 5) Sectoral focus: Prioritising key growth and transformation sectors, including tradeable services, manufacturing, agriculture, construction, mining, and green industries.

SEDFA's operations will be guided by principles that reflect its commitment to driving sustainable and inclusive growth for small enterprises, including:

- 1) Offering a comprehensive suite of financial and non-financial services tailored to the needs of small enterprises.
- 2) Providing personalised, needs-based assistance to empower small enterprises and improve their market readiness.
- 3) Leveraging partnerships with financial institutions, government agencies, and industry stakeholders to enhance support and resource sharing.
- 4) Empowering small enterprises through training, mentorship, and skills development to build capacity.
- 5) Embracing technology and best practices to address evolving market challenges and improve efficiency.
- 6) Ensuring equitable access to services, particularly for enterprises in marginalised communities.
- 7) Promoting long term growth and responsible entrepreneurship that contributes to sustainable economic development.

For the first six months of the 2024/25 financial year, the three entities (Seda, **sefa**, and CBDA) continued to operate separately, with their individual operations audited accordingly. Following the promulgation of the NSEAA and its subsequent proclamation by the President, SEDFA was established in October 2024, with the individual entities dissolved on 1 December 2024.

This Revised APP for Q3 and Q4 of 2024/25 consolidated the three original APPs for the remainder of the financial year, ensuring the continuation of customer-focused targets for each entity during the transitional phase, culminating in a fully operational SEDFA by 31 March 2025. The focus for the 2025/26 financial year is to build on the foundational progress of the initial six months, strengthening the entity's capacity and beginning to scale through innovative products and approaches to meet the evolving needs of the small enterprise sector.

As part of the five-year phased implementation plan to ensure optimal functioning of the integrated entity, key merger activities for 2025/26 will include:

- 1) Expansion of the service delivery network across physical and digital platforms, partnering with provincial/local government and the private sector.
- 2) Scaling Information Technology (IT), administrative infrastructure, and staffing to support integrated services. Ensuring the digital platform with appropriate technology capabilities is implemented and supporting product development, ecosystem coordination, and real time monitoring.
- 3) Refinement and expansion of financial and business development services (BDS) based on pilot outcomes, including tailored programmes such as “Business-in-a-Box,” supply chain integration, incubation, and sector-specific value chains.
- 4) Development of niche financial products to support targeted sectors and value chains.
- 5) Enhancement of staff and service provider/intermediary capacity through ongoing training, mentoring, and coaching, focusing on integrated service delivery.
- 6) Implementation of a comprehensive marketing strategy with digital outreach to broaden service reach.
- 7) Supporting registered cooperative banking institutions (CBIs) with funding to facilitate their inclusion in the national payment system.
- 8) Establishing a robust monitoring and evaluation (M&E) framework to assess and improve service impact and effectiveness, leveraging the digital platform.
- 9) Diversification of funding sources, including public, private, and donor contributions, and implementation of cost-effective measures for operational efficiency, including streamlining of physical branches and access points.
- 10) Implementation of the revenue-generating / investment strategy through fund management, service fees, and other innovative means of mobilising funding into the sector.

By the end of the 2025/26 financial year, SEDFA aims to be firmly in the upscaling phase of its operations, establishing a strong market position as the leader in a unified and coordinated small enterprise development ecosystem. It is the intention that this phase will start to deliver measurable results in small enterprise growth and job creation.

PART A: OUR MANDATE

1. UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES

There are no updates to the legislative and policy mandates presented in SEDFA's Strategic Plan for 2025–2030, which reflects the following.

1.1. Updated Legislative Mandates

SEDFA's constitutional mandate stems from the Constitution of the Republic of South Africa, 1996, which requires all government entities to work collaboratively to address social and economic challenges, including poverty, inequality, and underdevelopment. Key constitutional provisions guiding SEDFA include cooperative governance, the promotion of equality, and the support of economic growth and job creation through small enterprise development.

SEDFA is established in terms of the **NSEAA**, which amended certain provisions of the **National Small Enterprises Act 102 of 1996 (as amended)**, the **Co-operatives Act 14 of 2005 (as amended)**, and the **Co-operative Banks Act 40 of 2007 (as amended)**. Other provisions of these acts still apply.

In terms of NSEAA and the **Companies Act 71 of 2008 (as amended)**, the SEDFA Memorandum of Incorporation is lodged as a state-owned company (SOC) with limited liability (SOC Limited), and SEDFA is to conduct its business as a corporate entity with the state as its sole shareholder, represented by the Minister as Executive Authority, and act through its board.

The NSEAA defines a “small enterprise” as a separate and distinct business entity, together with its branches or subsidiaries, including a co-operative, co-operative financial institution, or a co-operative bank managed by one owner or more, and conducting its business in any sector or subsector of the economy mentioned in the 2019 schedule, and classified as micro, small or a medium enterprise by satisfying the criteria mentioned in the 2019 schedule.¹

Using this definition, the term “small enterprise” is a term used throughout this document to collectively include small, medium and micro enterprises (SMMEs)/micro, small, and medium enterprises (MSMEs) and all forms of co-operatives.

Chapter 3 of the NSEAA prescribes the objectives of SEDFA as to:

- 1) Design and implement development support programmes for small enterprises.
- 2) Promote a service delivery network that increases the contribution of small enterprises to the South African economy and enhances economic growth, job creation, and equity to historically disadvantaged communities.
- 3) Support, promote and develop co-operative banks and co-operative financial institutions; and
- 4) Generally, strengthen the capacity of service providers to support small enterprises; and small enterprises to compete successfully domestically and internationally.

¹ In March 2019, the Minister for Small Business Development published an amended schedule of the “small enterprise” definition as contained in the National Small Enterprise Act 102 of 1996. It further stipulates the employment and turnaround thresholds per size of enterprise, and the sector in which they operate.

In terms of the **Public Finance Management Act (PFMA)**, SEDFA is listed as a **Schedule 3B Government Business Enterprise**, assigned financial and operational authority to carry on its activities in accordance with ordinary business principles and with a dual developmental and commercial mandate. Services will be delivered directly and through intermediaries, while carefully considered regional presence will be required.

The PFMA Schedule 3B listing confers on SEDFA a limited degree of autonomy, as well as the fiduciary and other responsibilities reflected in Section 9 of the Companies Act. All prescripts and regulations arising from the PFMA are applicable to SEDFA's governance and operations.

The entity will be financed substantially from sources other than the Revenue Fund and its funds will consist of:

- 1) Money appropriated by Parliament.
- 2) Grants, donations, and bequests made to the agency.
- 3) Income gained through investment of monies; and
- 4) Money lawfully obtained or raised by the agency from any other source.

The board of a Schedule 3B enterprise can borrow but needs explicit authorisation to borrow from the Minister of Finance by notice in the government gazette and must submit an annual borrowing plan and comply with any conditions imposed by the Minister.

In accordance with Section 49 of the PFMA, the SEDFA Board is the accounting authority, responsible for, inter-alia, providing strategic direction and oversight to enhance shareholder value and ensure long-term sustainable development; the safeguarding of assets; and the management of revenue, expenditure, and liabilities.

In terms of NSEAA Section 13, in the exercise of its powers and the performance of its functions, the board must:

- 1) Implement the policy of the national government for small enterprise development, inclusive of both financial and non-financial support services.
- 2) Design and implement a standard national delivery network that must uniformly apply throughout the Republic of South Africa in respect of small enterprise development.
- 3) Design and implement small enterprise development support programmes in order to:
 - a) Facilitate the building of sustainable and competitive small enterprises.
 - b) Facilitate the promotion of entrepreneurship.
 - c) Facilitate the creation of an enabling operating environment for small enterprises.
 - d) Facilitate access by small enterprises to financial resources, non-financial resources, capacity building services, products, and services.
 - e) Promote participation of historically disadvantaged persons in small enterprises.

- f) Facilitate international and national market access for products and services of small enterprises.
 - g) Foster partnerships across all spheres of government, the private sector, and relevant stakeholders to assist the agency to achieve its objectives.
 - h) Promote a service delivery network to facilitate access and outreach to development support for small enterprises.
 - i) Facilitate and coordinate research relating to small enterprise support programmes.
 - j) Provide support in the implementation of the Small Enterprise Development Policy.
 - k) Cooperate with and assist, including through providing information, the Financial Sector Conduct Authority and the Prudential Authority as defined in Section 1(1) of the Financial Sector Regulation Act 9 of 2017, in dealing with matters of mutual interest.
 - l) At the request of the Minister, investigate, advise on, and comment on the effect of existing legislation and the impact of proposed legislation on small enterprises; and
 - m) Improve the understanding of the public regarding the contribution of small enterprises to domestic economic growth, job creation, and general welfare.
- 4) Establish provincial structures to ensure the effective implementation of its functions; and
 - 5) Conduct a public and transparent process, through its nominations committee, to make recommendations for appointments to the board based on a matrix of skills, experience, and diversity, which when considered collectively, enables them to attain the agency's prescribed objectives.

The board is required to conclude a Shareholder's Compact in consultation with the Executive Authority and must produce a performance plan that covers a period of three years and includes, inter alia, strategic priorities and outcomes identified and agreed on by the Executive Authority in the Shareholder's Compact. This is to be supported by the annual budget which projects revenue, expenditure, and borrowings for the coming financial year.

Any appropriation of funds, prior to them being distributed, must specify the criteria for the use of funds and whether the funds are to be used for financial or non-financial support services. The procedures to be followed when granting or not granting financial or non-financial support by the agency must allow for the review of that decision.

Further to the above, various legislation and regulations inform SEDFA's core operations and its governance and institutional arrangements, listed in the table below.

Table 1: Key legislation

Key legislation informing how the mandate must be delivered	<ul style="list-style-type: none"> ▪ Businesses Act 71 of 1991 (as amended) ▪ Insurance Act 18 of 2017 (as amended) ▪ Banks Act 94 of 1990, and the Banks Act Exemption Notice (2014) ▪ Financial Sector Regulation Act 9 of 2017 ▪ Financial Services Laws General Amendment Act 45 of 2013
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	<ul style="list-style-type: none"> Financial Advisory and Intermediaries Services Act 37 of 2002 (as amended) Financial Intelligence Centre Act (FICA) 38 of 2001 (as amended) National Credit Act 34 of 2005 (as amended) Consumer Protection Act 68 of 2008 (as amended) Protection of Personal Information Act 4 of 2013 (as amended) Prescription Act 68 of 1969 (as amended) Property Practitioners Act 21 of 2018
Key legislation related to governance and institutional arrangements	<ul style="list-style-type: none"> Public Audit Act 25 of 2004 (as amended) Income Tax Act 58 of 1962 (as amended) Promotion of Access to Information Act 2 of 2000 (as amended) Prevention and Combating of Corrupt Activities Act 12 of 2004 (as amended) Promotion of Administrative Justice Act 3 of 2000 (as amended) Electronic Communications and Transactions Act 25 of 2002 (as amended) Basic Conditions of Employment Act 75 of 1997 (as amended) Labour Relations Act 66 of 1995 (as amended) Employment Equity Act 55 of 1998 (as amended) Skills Development Act 97 of 1998 (as amended) Occupational Health and Safety Act 85 of 1993 (as amended) Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000 Broad-Based Black Economic Empowerment Act 53 of 2003 (as amended) Preferential Procurement Policy Framework Act 5 of 2000 (as amended) National Archives and Records Services of South Africa Act 43 of 1996 (as amended)

The abovementioned legislation and acts are not exhaustive, and it is recognised that SEDFA is subject to and must comply with all legislation, regulations, and all municipal bylaws applicable to its functions or the areas in which it operates. To ensure ongoing compliance, SEDFA will conduct a regular review of the legislative and regulatory environment.

1.2. Updated Policy Mandates

Various policy and strategy frameworks inform how SEDFA should implement its legislative mandates. The policies have direct bearing on the strategic focus areas and priorities of the SEDFA, notably:

1) The United Nations' 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) (2015)

The United Nations' sustainable development agenda recognises that poverty eradication initiatives should be linked to strategies for improving health and education, reducing inequality, and promoting economic growth, while addressing challenges related to climate change. As a development finance agency, SDGs 1, 8, 9, and 13 align with SEDFA's main priorities, while SDG 16 is indirectly supported by the core activities. Goal 8, in particular, emphasises the importance of encouraging

the growth of SMMEs in order to promote inclusive and sustainable growth, full and productive employment, and decent work for all.

2) **The African Union Agenda 2063 (AU2063) (2015)**

AU2063 is aimed at harnessing the continent's comparative advantages to effect equitable and people-centred social, economic, and technological transformation and the eradication of poverty. While it focuses on Africa's aspirations for the future, it also identifies critical flagship programmes to boost Africa's economic growth and development, ultimately leading to the rapid transformation of the continent.

As a flagship project of AU2063, South Africa is a party to the African Continental Free Trade Agreement (AfCFTA), which was effective from 1 January 2021. While, in terms of its Credit Risk Policy, SEDFA is restricted from cross-border lending, it is aware of the immense opportunities that the AfCFTA presents for South African small enterprises. SEDFA will actively explore opportunities to work with the Department of Trade, Industry and Competition (the **dtic**), through, for example, the Export Readiness Programme, to support small enterprises to access regional markets.

3) **NDP, Vision 2030 (2012)**

The NDP is the blueprint of the government's vision and development route for South Africa, with business and society as collaborative partners. Seeking to eliminate poverty, reduce unemployment, and sharply reduce inequality, the NDP identifies the critical trade-offs and challenges to be addressed by the country up to 2030. SEDFA contributes to chapters 3 and 6 of the NDP, which respectively deal with the economy and unemployment, and inclusive rural development and growth.

The NDP states that 11 million jobs need to be created by the year 2030, estimating that 90% of these new jobs will be created by small enterprises or start-ups, while only 15% will result from currently existing companies. The emphasis on new jobs directs SEDFA's strategic focus and support for small enterprises/entrepreneurs in the early to growth stages of development in sectors with the potential for significant employment and output growth. Inclusivity should inform SEDFA's target market, prioritising underserved communities in townships and rural areas, as well as enterprises owned by women, youth, and PWDs.

4) **MTDP 2024-2029**

Following the 2024 national and provincial elections, the newly formed Government of National Unity issued a Statement of Intent, outlining the foundational principles and priorities for the 7th Administration. These priorities include rapid and inclusive economic growth; social justice; investment in people; local government stabilisation; strengthening state capacity; enhancing law enforcement and national security; enhancing social cohesion; and advancing a foreign policy rooted in human rights, international cooperation, and advancing South Africa's interests.

As pronounced by the President in the Opening of Parliament Address on 18 July 2024, the 7th Administration, and the MTDP 2024-2029 are focused on three strategic priorities, namely:

- a) **Strategic Priority 1:** Drive inclusive growth and job creation.
- b) **Strategic Priority 2:** Reduce poverty and tackle the high cost of living.
- c) **Strategic Priority 3:** Build a capable, ethical and developmental state.

SEDFA contributes directly to outcomes and interventions reflected in Strategic Priority 1 and Strategic Priority 3 as follows:

- a) **Strategic Priority 1:** Drive inclusive growth and job creation. The desired impact is to increase economic growth to 3.5% by the end of term and to reduce unemployment to 27.5% by creating four million jobs.

SEDFA supports rapid and sustainable economic growth and job creation by providing financial and non-financial support to small enterprises, particularly focusing on township economies, rural development, and increased economic participation for disadvantaged groups like women, youth, and PWDs. Through its support for small enterprises, SEDFA helps to create more equitable access to resources and economic opportunities, which can lead to improved living conditions.

- b) **Strategic Priority 3:** Building a capable, ethical, and developmental state. SEDFA will ensure sound governance, sustainability and efficiency in its operations. SEDFA intends to build a future-ready agency, one that is agile and adaptable to a rapidly evolving small enterprise landscape, driven by technology.

5) **National Spatial Development Framework 2050 (2022)**

Under the theme: “Moving South Africa forward towards the desired spatial future”, the National Spatial Development Framework 2050 sets out an action plan to bring about radical spatial transformation at scale and manage and mitigate national risks (current and emerging). It proposes a set of five national spatial action areas, which require urgent, focused, and integrated national spatial infrastructure investment and spending; and concerted and sustained intergovernmental collaboration, including the alignment of plans, budgets, and departmental plans in and between the spheres of government.

6) **The District Development Model (2019)**

The District Development Model (DDM) aims to create a cohesive government capable of developing and communicating a shared vision for national development, structured by the needs and opportunities within district and metropolitan areas (intergovernmental relations impact zones). It focuses on establishing agreed spatial and development priorities within these areas, backed by credible, long-term planning, capital investment, project preparation, financing, and implementation. The DDM “One Plan” serves as an intergovernmental plan to coordinate catalytic programmes and projects for each district and metropolitan. Regulations issued in May 2024 under the Intergovernmental Relations Framework Act institutionalise the DDM within the intergovernmental relations system, promoting joint planning, budgeting, implementation, and monitoring. It encourages collaboration across government spheres, the private sector, and social partners, including guidelines for SEDFA to coordinate integrated small enterprise support.

a) **District Ecosystem Facilitation Model**

The District Ecosystem Facilitation (DEF) Model, previously implemented under the DDM by Seda, will be reviewed and enhanced as part of SEDFA’s ecosystem facilitation role. SEDFA aims to establish itself as a key coordinator of private and public sector business development support and financial services, driving synergy and efficiency within the small enterprise development ecosystem.

7) **National Climate Change Response Policy**

The NCCRP is derived from the White Paper published in 2011. It outlines the South African Government's vision for an effective climate change response and the long-term just transition to a climate-resilient and lower-carbon economy and society. The NCCRP is given further impetus by the National Climate Change Adaptation Strategy, published in 2020, which supports the country's ability to meeting its obligations in terms of the Paris Agreement on Climate Change.

8) **Just Transition Framework for South Africa (July 2022)**

The Presidential Climate Commission published the Just Transition Framework in July 2022. The Just Transition Framework aims to bring coordination and coherence to just transition planning in the country. It sets out a shared vision for the just transition, principles to guide the transition, and policies and governance arrangements to give effect to the transition. There is, however, no 'one size fits all' approach to the just transition and all social partners will need to design their own policies and programmes in line with their specific conditions, responsibilities, and realms of influence based on the vision, principles, and interventions articulated in the framework.

9) **Key regulatory, governance, and accountability frameworks and standards, notably:**

- a) The **International Integrated Reporting Framework (<IR>)** is a structured tool that enables companies to communicate their strategies for addressing external environmental challenges and generating shareholder value. The framework promotes a comprehensive and efficient approach to corporate reporting and emphasises accountability, integrated decision-making, and actions aimed at value creation across short-, medium-, and long-term horizons.
- b) The **Global Reporting Initiative Environment, Social and Governance (ESG) Framework** is underpinned by a focus on responsible global citizenship, as ESG issues are no longer standalone considerations but influential factors in corporate investment decisions. Transparency in disclosing ESG data is crucial, offering benefits like risk mitigation, streamlined operations, and regulatory compliance.
- c) The **International Financial Reporting Standards (IFRS)**, issued by the International Accounting Standards Board, aim to create consistency, transparency, and comparability in the financial statements of public companies globally. SEDFA adheres to IFRS standards in its annual financial reporting.
- d) The **King IV Code on Corporate Governance for South Africa, 2016** sets out the philosophy, principles, practices, and outcomes which serve as the benchmark for corporate governance in South Africa. It is modelled on the <IR> and promotes corporate governance outcomes through principles like leadership, organisational ethics, and responsible citizenship. The code employs an 'apply and explain' approach, guiding companies in strategic decision-making, policy approval, and accountability oversight.
- e) The **Protocol on Corporate Governance in the Public Sector, 2002**, aims to instil good governance principles in South African state-owned enterprises. While aligned, unlike the King Code, the protocol focuses solely on public sector entities, emphasising their unique mandate in achieving government developmental objectives. The protocol seeks to amplify and not supersede the King Code, and the protocol should, in fact, be read in conjunction with the King Code.

- f) The **Revised Framework for Strategic Plans and Annual Performance Plans (DPME, 2019)** provides a structured approach for public institutions to plan, implement, and monitor their performance using a results-based management approach. It enables **sefa** to demonstrate its value through measurable impacts and outcomes, such as small enterprise growth, job creation, and enhanced economic inclusion.

Of specific relevance to the small enterprises sector, additional policy frameworks have informed the development of SEDFA's strategic framework, considered in the table below.

Table 2: Informing policies and strategies

Informing Policy or Strategy	Key Planning Considerations and Interventions
Energy Action Plan (EAP), July 2022	<p>The EAP is South Africa's plan to end load-shedding and achieve energy security. It outlines a bold set of objectives and actions aimed at fixing Eskom and adding as much new generation capacity as possible, as quickly as possible, to close the gap in electricity supply.</p> <ul style="list-style-type: none"> ▪ EAP objective 2 relates to enabling and accelerating private investment in generation capacity. There are opportunities for small enterprises to collaborate with larger businesses as part of their supplier development programmes. ▪ EAP objective 4 relates to the introduction of special incentives for businesses and households to install solar and a revised bounce-back loan scheme to help small businesses go solar and sell any surplus power back to the grid in certain areas.
Science, Technology, and Innovation Decadal Plan, 2022	<p>The Science, Technology, and Innovation Decadal Plan is a comprehensive strategic framework designed to guide the country's advancement in science, technology, and innovation over a ten-year period. Developed by the Department of Science and Innovation, the plan outlines key objectives and priorities aimed at leveraging scientific research, technological advancements, and innovation to address societal challenges, foster economic growth, and enhance competitiveness on a global scale.</p> <p>In collaboration with other partners, SEDFA aims to benefit small enterprises in the science, technology, and innovation space and to prioritise funding to qualifying business ventures, including enterprises supported through the New Economy Programme and incubation hubs.</p>
Financial Inclusion Policy Framework for South Africa, titled: "An Inclusive Financial Sector for All", November 2023	<p>In the past decade, South Africa has made positive strides in financial inclusion, with over 81% of adults having bank accounts. Despite this progress, challenges persist, including low economic growth and unemployment, limiting access to basic financial services. Issues, such as low savings rates, limited uptake of non-banking products, inadequate use of bank accounts, underdeveloped payment options, and high remittance costs, contribute to the complexities. SMMEs face barriers due to information asymmetry.</p> <p>To address these challenges, the Financial Inclusion Policy aims to deepen financial inclusion for individuals and households, extend access for SMMEs, and diversify the provider and distribution base for financial services.</p> <p>National Treasury plans to collaborate with regulators, civil society, government departments, the private sector, and other agencies to develop an Implementation Strategy and Action Plan, along with a Financial Inclusion M&E Framework to ensure the successful implementation of financial inclusion initiatives and establish a central repository for monitoring and tracking progress.</p>

Informing Policy or Strategy	Key Planning Considerations and Interventions
National Township Economy Revitalisation Policy, 2023 Concept Note	<p>The goal of the National Township Revitalisation Policy is to provide for the coordination of the various interventions aimed at addressing SMME needs for township economic revitalisation by government and its entities. The policy further aims to provide for innovative financing of SMMEs in the township economy, and to overcome the structural limitations of the commercial banking sector and development financiers.</p> <p>Through outcomes-based partnerships with the private sector and other non- state actors, the policy aims to bring about collaborations that will drive innovation, healthy competition, and the co-creation of economic value for stakeholders in the township SMME ecosystem.</p>
Priorities relating to women, youth, and PWDs, including, among other:	<p>White Paper on the Rights of PWDs, 2015, aims to provide a comprehensive framework for promoting and protecting the rights of PWDs. It emphasises the need for cross-sectoral collaboration between government departments, civil society, and PWDs themselves to achieve its goals.</p> <p>Framework on Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing, 2019, aims to ensure a more sustainable, comprehensive, and multisectoral approach to gender mainstreaming within the country's planning, M&E and public financing systems. It focuses on closing the gap between plans and budgets through an overall approach of mainstreaming gender through the planning, budgeting, monitoring, evaluation, and audit cycle.</p>

2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

Certain key institutional policies and strategies inform and guide SEDFA's work and core operations and have been considered in the development of the APP for 2025/26.

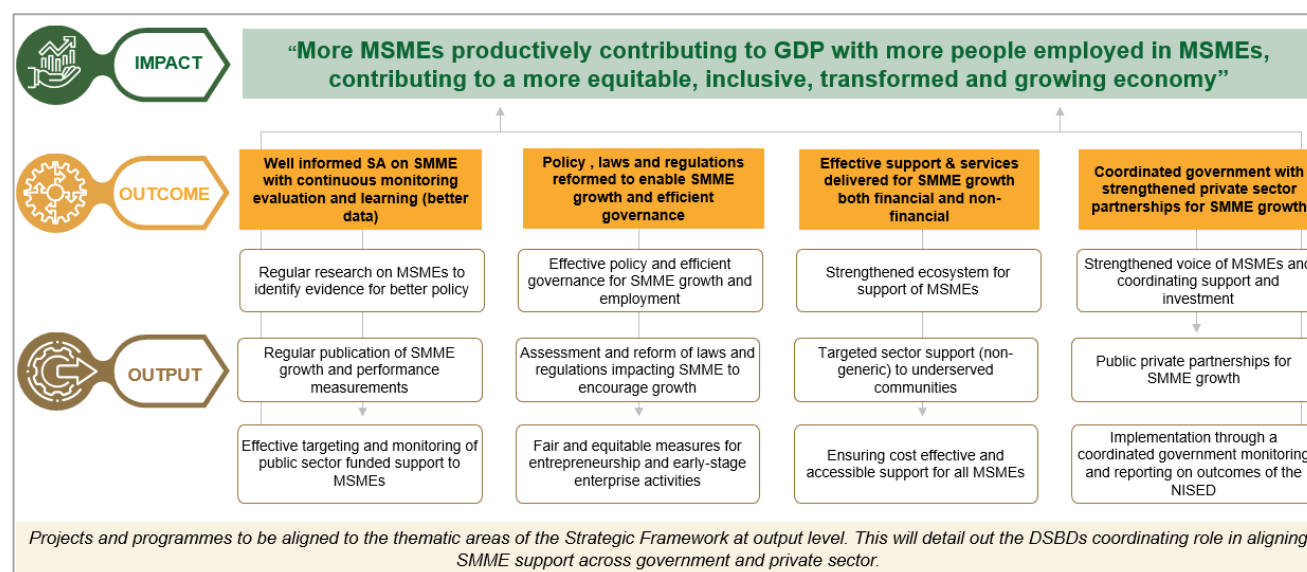
2.1. The National Integrated Small Enterprise Development Strategic Framework

The NISED Strategic Framework (published by the Minister of Small Business Development in the Government Gazette, dated 17 February 2023) forms the third iteration of the high-level strategic framework of small enterprise development and targeted support, following the White Paper in 1995, the Integrated Strategy for the Promotion of Entrepreneurship and Small Enterprise (ISPESE) in 2004, and the Improvement Plan developed in 2019 post the ISPESE's evaluation. The NISED Strategic Framework represents the next ten-year strategic approach, commencing November 2022, to facilitating the promotion of entrepreneurship, growth, and support of small enterprises in line with the NDP targets to assist small business.

The NISED Strategic Framework represents the "National Small Business Support Strategy" as contemplated in the NSEAA, aligning with the principles and directives contained in the founding White Paper. It is an outcomes-based strategic support framework for all actors to coordinate, measure, track, and monitor their efforts. The measurement of committed programmes will be reviewed and revised at the national Presidential summits held every two years. While the NISED Strategic Framework is presented as a living document, its strategic framework, including the vision, mission and outcomes, will remain constant over its lifespan.

The overarching objective of all the programmes of action contained in the strategic framework is to contribute to the impact of significantly raising the contribution of economic output and labour absorption in real value of MSMEs. The impact envisaged by NISED Strategic Framework will be realised through four outcomes and 12 outputs, reflected in the strategy map below.

Figure 1: NISED strategic framework



A key focus of the NISED Strategic Framework is to align programme areas of work across different role-players in government and the private sector in order to coordinate and drive MSME growth and performance. In partnership with business, labour, and civil society, the NISED Strategic Framework presents a coordination tool and repository of the action steps to be taken by numerous actors within government and the whole of society.

The NISED Strategic Framework delegates the lead role to SEDFA for implementing the outputs of **NISED Outcome 3: Effective support and services delivered for small enterprise growth, both financial and non-financial:**

1) Build and promote expanded supply of support to MSMEs:

- Develop a technology platform which can be easily accessed digitally by public and private role-players (including small enterprises) to register and map support programmes for one-stop-shop access.
- Consistently update the spatial map with support services provided by region, including all contact information for the actors of incubator and business development support.
- Introduce quality standards of good practice for service providers registered on the support services spatial map platform.
- Ensure that all service providers are registered and in agreement with the quality assurance code of conduct and professionalisation standards.
- Established a pedagogy programme with relevant educational and professional institutions for capacity building of incubator and business development support service providers.

2) Delivery of better and targeted support to small enterprise demand needs and encourage entrepreneurship:

- a) Review and catalogue the services offered in each geographic location to ensure cost effective support that is fit-for-purpose and not duplicative.
- b) In line with the Small Enterprise Support Plan, encourage, identify and develop new support services which target designated groups.
- c) Conduct regular needs assessments with small enterprises to ensure that the support services offered meet their needs.
- d) Identify approaches to crowd in new finance for small enterprises and minimise the moral hazard of public sector funding.
- e) Leverage wholesale finance through government support to build market entrants and financial intermediaries.
- f) Develop a small enterprise innovation financial intermediary challenge fund on a matching funds basis to mobilise innovation amongst financial intermediaries to address access to finance for underserved small enterprises. This challenge fund should test market participants (financial intermediaries) on new models to provide greater access to revolving credit, test payment modalities which cut the cost of managing loan finance, identify alternative collateral mechanisms for loan finance (thinking differently about collateral), and how to target different segments of the market (lifecycle).
- g) Skills development to investigate skills deficits in each sector to update any policy actions for mitigation and develop targeted programmes to improve skills development.
- h) Coordinate export enhancement programmes for each targeted sector with a specific focus on small enterprises (with **dtic**, DSB, and sector departments).
- i) Small enterprise (manufacturing) industrial development: Localisation programmes to promote local sustainable small enterprise product placement through retail and other channels.
- j) Set up a task team to enable ecosystem actors to develop appropriate skills development courses and pedagogy for enhanced entrepreneurship development.
- k) Develop and deliver curricula in partnership with business to support new technology advancements (4IR) for artisanal and vocational upskilling.
- l) Support small enterprise development through incubation centres and digital hubs.

3) Delivery of cost-effective support to MSMEs:

- a) SEDFA to develop a user-based subsidy (e.g. voucher system) for small enterprises to access services from Incubation and Business Development Services (IBDS) practitioners subsidised by government.
- b) Introduce consistent monitoring of the voucher system to minimise wastage and corruptive practices.
- c) Encourage private sector (business) enterprise and supplier development projects.

NISED Strategic Framework embeds the Game-Changer Programme:

'Game-changers' are scaled solutions to the big, complex challenges facing small enterprises. These interventions will be designed and executed with 'coalitions of the willing' by key role-players both inside and outside of the state, who will be provided the space to partner. The skills and capacity to understand, design, and implement game-changers generally lie beyond any single institution and require both partnerships across the state and between the state and non-state actors. A number of these game-changers are being targeted and designed adopting a partnership approach to revitalise the small enterprises sector as follows:

- 1) A recapitalised Khula Credit Guarantee (KCG) mechanism with pre- and post-investment support (market access and business development support).
- 2) An enhanced Township and Rural Partnership Programme.
- 3) A major Supplier Development Partnership Programme (linked to private sector and public sector markets and supported through incubators).
- 4) An upscaled Youth Challenge Fund that incentivises youth innovation.
- 5) A digital one-stop-shop platform.
- 6) A reconfigured and effective agency for the delivery of financial and non-financial support – SEDFA.
- 7) The repositioning of the Direct Lending Programme to align with government's priority sectors to achieve greater efficiency and effectiveness.

NISED Strategic Framework emphasises the importance of the successful establishment of the merged entity, SEDFA, which takes a central role in coordinating the various government projects that are small enterprise focused. To minimise compliance costs, improve formalisation and entrepreneurship development, a central technology platform is to be developed as the primary hub for small enterprise user-based subsidies by government and its funding instruments. Thus, to minimise corruption and 'double dipping'.

2.2. Co-operatives Sector Policy and Strategy Frameworks

The **Co-operatives Development Policy, 2004**, and the **Integrated Strategy on the Development and Promotion of Co-operatives, 2012**, together aim to move towards a growing, self-sustainable, and integrated co-operative sector, supported by all stakeholders and contributing to economic growth, poverty reduction, and employment creation, as well as assisting in bringing about economic transformation and an equitable society in South Africa. They acknowledge that a genuine, autonomous, and economically viable co-operatives movement and its membership have vast development potential to contribute towards the country's socioeconomic challenges.

They seek to strengthen the potential benefits of co-operatives by:

- 1) Raising the value and profile of co-operatives in the whole economy and designing support programmes suitable to this end.
- 2) Fostering human capital development with a special focus on co-operative principles, business management, and technical skills.

- 3) Fostering a culture of cooperation, self-help, self-reliance, and solidarity among co-operative beneficiaries and other stakeholders through conducting awareness programmes.
- 4) Working towards self-sustainability of the co-operative's movement, which will be achieved through partnership models, the provision of tailor-made support programmes, and by consistently capacitating all stakeholders.
- 5) Conducting leading-edge research to inform the development, evaluation and monitoring of performance of co-operatives.

The **Co-operative Banking Sector Development Strategy, 2021**, seeks to promote the economic and financial inclusion for workers and mixed-income communities through a niche and quality approach to co-operative banking, rather than viewing co-operative banking as a stepping stone to become commercial banks. The strategy sets a target of serving 400,000 workers and mixed-income community members by 2030, up from circa 29,000 in 2020. Achieving this will require products, systems, funds, and channels.

There are three main pillars of the strategy which are necessary to grow co-operative banking, namely:

- 1) Value-added products and systems.
- 2) Robust sources of funds; and
- 3) Digital delivery channels.

The implementation of the defined action items related to these pillars are critical to effectively implement the Co-operative Banking Strategy.

2.3. South African SMMEs and Co-operatives Funding Policy

Approved by cabinet on 20 September 2024, the policy objective is to provide a holistic, coordinated, and pragmatic framework for strengthening the provision of development finance towards the sector with a view to improve access to finance for small enterprises. SEDFA is delegated the lead responsibility for two outputs:

- 1) Improve business development support by implementing the IBDS Policy (currently in draft) and increasing the number of incubators and digital hubs to cover underserved and unserved areas, such as townships and rural areas.
- 2) De-risking small enterprise finance through credit guarantees. It includes a review of KCG to make it more effective and responsive; to recapitalise KCG; and to diversify credit guarantees into other sectors, such as the green economy and essential oils.

2.4. Incubation and Business Development Services Policy Framework

At the time of developing this five-year strategic plan, the South African Small Enterprise Sector IBDS Policy Framework was in its final stages of development and approval. It has been incorporated here with the expectation that it will be approved early within the implementation period of the SEDFA's Strategic Plan for 2025–2030.

SEDFA's alignment with the IBDS Policy Framework is critical to addressing the fragmented and inconsistent support system currently impeding small enterprises. The framework identifies the need for

a coordinated, outcome-driven approach that increases the participation, scalability, and competitiveness of small enterprises, particularly in underserved regions. SEDFA will play a pivotal role in advancing the policy's intermediate outcomes, namely:

- 1) Improved coordination across government and private sector stakeholders, *leading to more cohesive and effective service delivery for small enterprises.*
- 2) Increased participation of small enterprises from underserved areas in IBDS, *leading to increased participation in economic activities and narrowing gaps in service delivery.*
- 3) Targeted, sector-specific IBDS that addresses industry needs and growth stages, *leading to faster scaling, improved innovation, and greater competitiveness.*
- 4) Improved standardisation and quality of IBDS service provision, *aligned with global best practice.*

SEDFA's leadership role in the NISED Strategic Framework, particularly under Outcome 3, positions it as the primary agent to unify the IBDS ecosystem. By leveraging innovative models, such as sector-focused business incubators, digital hubs, and accelerators, SEDFA must include in its strategic plan initiatives to enhance market readiness, digital capabilities, and growth potential for small enterprises. This effort is directed at empowering small enterprises to scale; compete globally; and contribute meaningfully to economic growth, poverty alleviation, and job creation, while advancing a culture of innovation and entrepreneurship across South Africa.

2.5. Minister and Sector Priorities for the Small Enterprise Development Portfolio

The DSBD and its agency, SEDFA, contribute to MTDP 2024–2029 Strategic Priority 1: Driving inclusive growth and job creation. The MTDP Results Framework sets a desired impact of increasing economic growth to 3.5% by the end of the term and reducing unemployment to 27.5% through the creation of at least four million jobs. SEDFA's contribution will be realised through targeted interventions delegated to the agency by DSBD. The Results Framework for Small Business Development as outlined below is based on the draft MTDP approved by Cabinet, pending amendments at the end of January 2025.

Table 3: MTDP 2024-2029 Results Framework (Small Business Development)

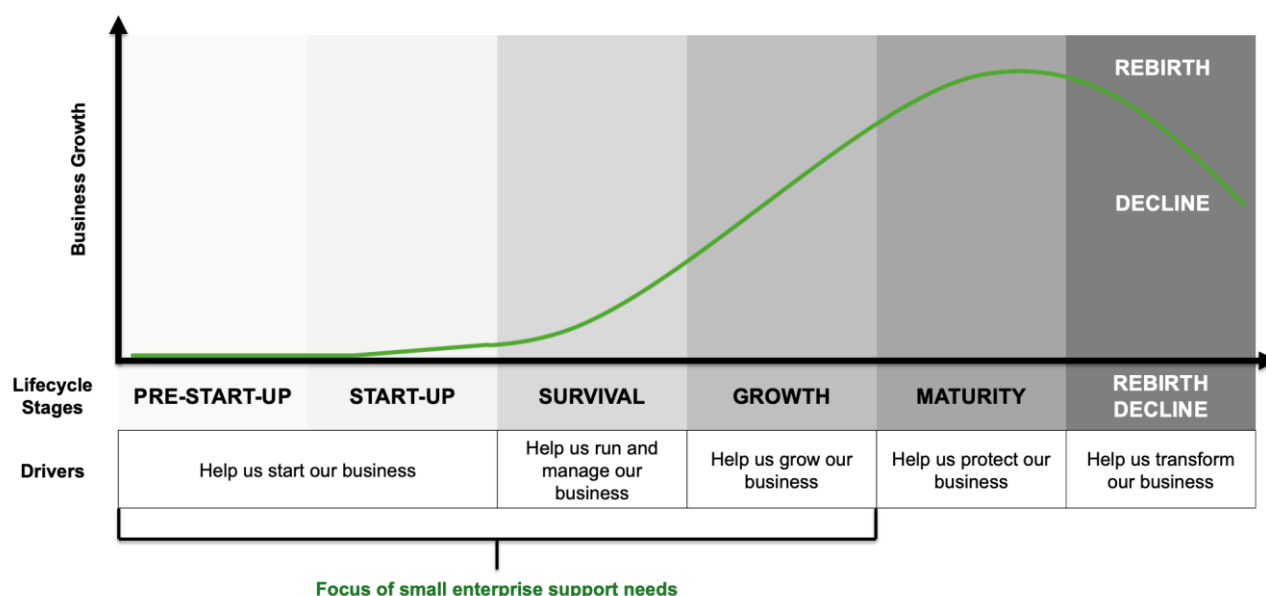
Outcomes	Strategic Intervention	Intervention Indicators	Intervention Baseline	Midterm Targets	End-Term Targets	Lead / Support
Increased employment and work opportunities	Work with the private sector and labour to protect existing jobs and investments in vulnerable sectors	Number of jobs created and sustained through the small enterprise development ecosystem.	Seda: 91,270 sefa: 621,238 (created and sustained)	Created: 136 750 Sustained: 803 250	Created: 273 500 Sustained: 1,606 500	DSBD / SEDFA
Accelerated growth of industrial and labour-intensive sectors	Drive growth in labour-intensive sectors such as business services, agriculture, manufacturing, and mining including through the	Number of enterprises supported through financial and non-financial support in labour intensive sectors	Six enterprises supported on agriculture and agro-processing sector	50 enterprises supported in select labour-intensive sectors	100 enterprises supported in select labour-intensive sectors	DSBD

Outcomes	Strategic Intervention	Intervention Indicators	Intervention Baseline	Midterm Targets	End-Term Targets	Lead / Support
	finalisation and implementation of master plans					
Enabling environment for investment and improved competitiveness through structural reforms	Reduced red tape and streamline support for small enterprises, entrepreneurs and cooperatives, especially in townships and villages, to thrive.	Percentage of informal MSMEs provided with formalisation support.	1 804 434 as per Seda SMMEs 2024 Q1 Report.	5% of informal MSMEs provided with formalisation support. (cumulative)	10% of informal MSMEs provided with formalisation support. (cumulative)	DSBD / SEDFA
		Number of small enterprises and co-operatives supported financially and non-financially, focusing on township and rural economies	182,649 competitive small businesses and co-operatives supported	500 000 small enterprises supported financially and non-financially:	1 million small enterprises supported financially and non-financially:	DSBD
		Number of start-up and new MSMEs supported financially and non-financially.	41 205 youth business start-ups that have been supported both financially and non-financially	25 000 start-up and new MSMEs supported financially and non-financially. (Cumulative)	50 000 start-up MSMEs supported financially and non-financially. (Cumulative)	DSBD
		Number of infrastructure roll out to lower the cost of doing business for rural and township Small Enterprises.	14 infrastructure rolled out to lower the cost of doing business for rural and township Small Enterprises	32 infrastructures roll out to lower the cost of doing business for rural and township Small Enterprises. (cumulative)	52 infrastructure roll out to lower the cost of doing business for rural and township Small Enterprises. (cumulative)	DSBD

2.6. SEDFA Response to the Legislative and Policy Context

The focus of SEDFA's support services is in the pre-start-up to growth stages of the business growth path, shown in the figure below:²

² Extracts from the approved SEDFA Business Case, December 2022, expanded through strategic planning workshops to develop the SEDFA Strategy

Figure 2: Focus of SEDFA's support to small enterprises

As the lead implementing agent of the NISED Strategic Framework, SEDFA aims to support small enterprises in transitioning en masse from the pre-start-up to growth stage, enabling growth-ready enterprises to scale up and drive output growth and employment. Support at the stages of the business growth path will focus on:

- 1) Promoting the entrepreneurial intent as an alternative to formal employment and to address the challenge of unemployment in the country.
- 2) Coordinating the small enterprises ecosystem and facilitating an aligned response by all state actors, including SARS, CIPC, and the Department of Labour, as well as business development service providers, development agencies, development finance agencies, and commercial partners.
- 3) Ensuring a common experience for small enterprises at the point of entry into enterprise development through a network of physical and online access points into an integrated omnichannel.
- 4) Ensuring consistency in the provision of business development support services, including the provision of seed capital for start-up enterprises and supporting sectoral incubators, digital hubs, and accelerators.
- 5) Addressing the moral hazard in the provision of finance for small enterprises by balancing the developmental and sustainability (commercial) mandate.
- 6) Developing and implementing an ecosystem-wide system for data collection, monitoring and reporting, and evaluation to support effective decision-making.
- 7) Prioritising business development, incubation, and funding to business ventures within the following sectors:
 - a) Services (including retail, wholesale, tourism, transport logistics, professional, and ICT).

Focus should be on tradeable services with the potential for growth in domestic and international markets, for example, ICT, fintech, tourism and hospitality, creative industries, education and training, and health and wellness.

- b) Manufacturing.
- c) Agriculture and agro processing.
- d) Construction.
- e) Mining services and processing.
- f) Green industries (renewable energy, waste and recycling management).
- g) Medicinal and industrial cannabis

SEDFA will provide both non-financial and financial support:

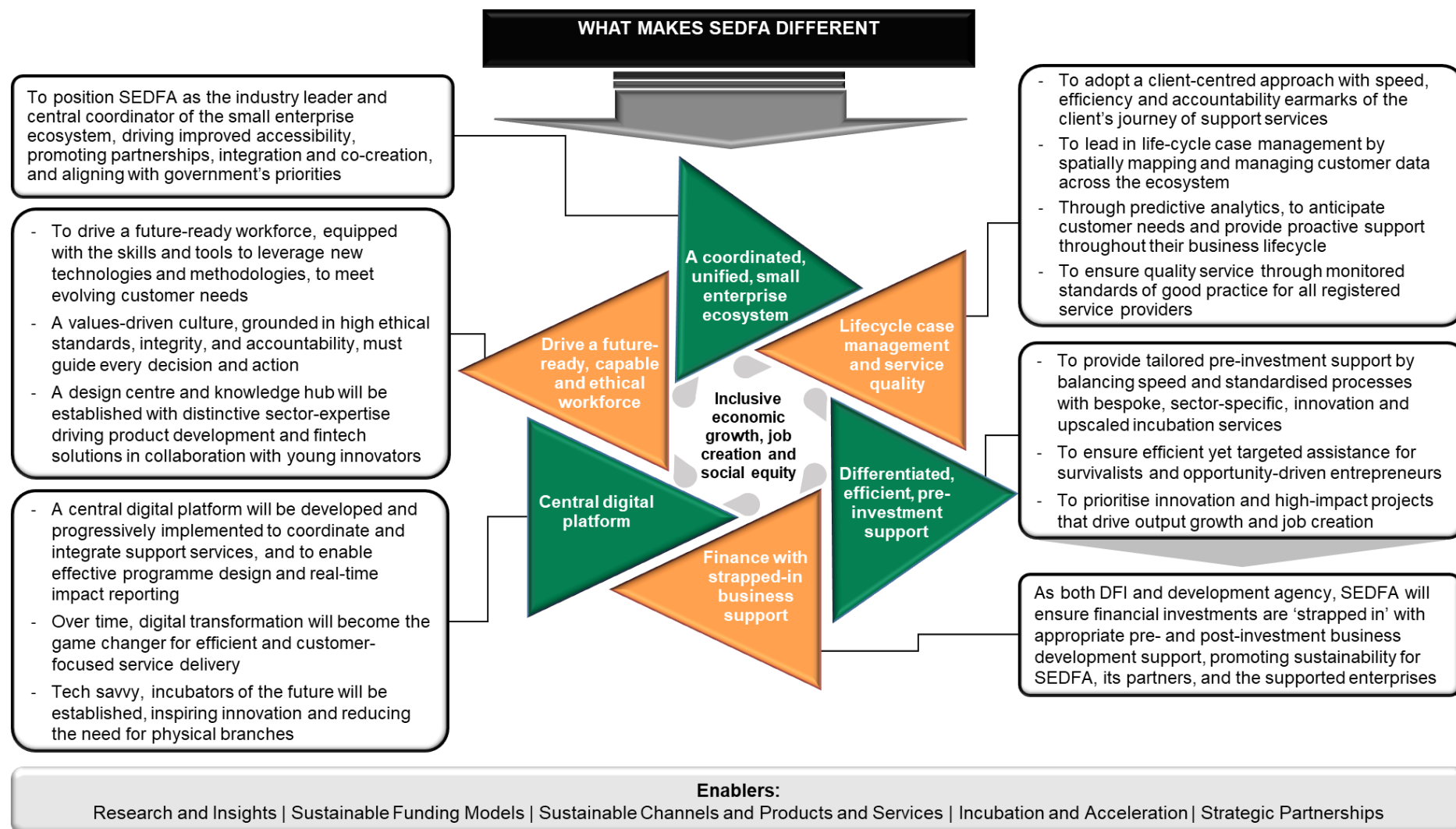
- 1) SEDFA's activities are aligned to the key activities of both a DFI (financial support) and a development agency (DA) (non-financial support) by playing a catalytic role in the country to attract other industry players, funding gaps in the market and supporting government policies in identified priority sector industries, townships and rural areas, and the development of enterprises owned by women, youth, and PWDs.
- 2) The primary driver for SEDFA is the capital that it lends through direct and indirect financing channels, and the use of government grants to assist small enterprises with non-financial support and incentives to overcome structural inadequacies, drive transformation, job creation and retention, and to support the growth of entrepreneurs along the business growth path.
- 3) The intention is to:
 - a) Ensure businesses operating in the informal sector as survivalist enterprises are provided with the support needed to address their operational requirements and to graduate willing and able enterprises to register and formalise their businesses.
 - b) Build a pipeline of investment-ready entrepreneurs through a comprehensive suite of business development and support services, and
 - c) Support commercially viable small enterprises with finance instruments and business support services for sustainability and growth, and to stimulate the economy and alleviate poverty through the retention and creation of sustainable jobs and these enterprises.

SEDFA prioritises the integration of financial and non-financial support, and collaborative partnerships, for the following reasons:

- 1) To mitigate the risk of lending and improve the financial sustainability of supported small enterprises and the agency.
- 2) To support small enterprises' access to enhanced and increased finance over time. As such, financial investment in small enterprises will include 'strapped-in', non-financial support in the pre- and post-investment stages of the investment lifecycle.
- 3) To intervene in industries identified as having high growth and employment potential for small enterprises innovation and competitiveness.
- 4) To enable the co-operative banking sector to play a prominent role in financial inclusion within the DDM.

In summary, the figure below reflects how SEDFA will strive to differentiate and position itself in the small enterprise development sector.

Figure 3: What differentiates SEDFA



3. UPDATES TO RELEVANT COURT RULINGS

There are no court judgements or rulings which have a bearing on the mandate and/or core operations of SEDFA.

PART B: OUR STRATEGIC FOCUS

SEDFA's strategic focus is articulated through its vision, mission, values, strategic pillars, business model, and operating principles, as follows.

OUR VISION

Empowering South Africa's small businesses for inclusive growth, transformation and sustainable employment

OUR MISSION

Functioning as the apex small enterprise development and finance agency in South Africa, SEDFA's mission is:

To provide targeted financial and non-financial support to Micro, Small and Medium Enterprises, and Co-operatives, as well as to promote and coordinate South Africa's small enterprise development ecosystem

The mission is enabled by a future-fit and financially sustainable agency.

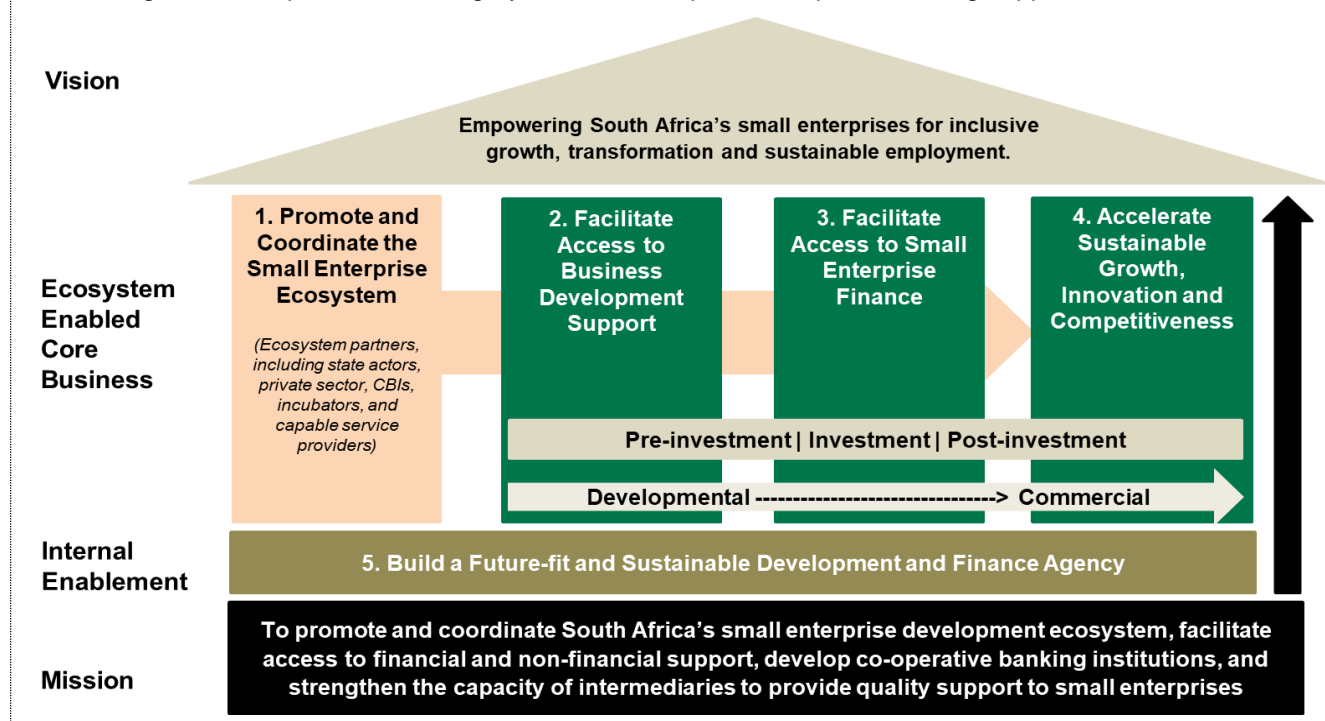
SEDFA subscribes to the following organisational values, **I-CARE**, which are in line with the Batho Pele principles:

SEDFA Values	What it means in practice
I-CARE	
I: Integrity	<ul style="list-style-type: none"> We uphold integrity through transparent practices, open and honest communication, and ethical decision-making. We strive at all times to build trust and credibility within the agency and with our ecosystem partners.
C: Customer-centric excellence	<ul style="list-style-type: none"> We place the customer at the centre of all our actions by listening, understanding and addressing the evolving needs of small enterprises. We strive for excellence by creating an enabling environment and consistently providing tailored support and solutions at all entry points of the business growth path.
A: Agility	<ul style="list-style-type: none"> We create a supportive and nurturing environment that encourages persistence, agility, and adaptability among entrepreneurs, empowering them to navigate challenges, seize opportunities, and thrive in a dynamic business landscape. We act with speed and urgency in delivering support to small enterprises, ensuring that our efforts contribute to the NDP's goal of generating the majority of new jobs through small enterprises.
R: Resilience	<ul style="list-style-type: none"> We seek to proactively recover from setbacks, and to marshal available resources, ask for help when needed, and find ways to manage challenging situations as they arise.

SEDFA Values	What it means in practice
	<ul style="list-style-type: none"> We use our integrated systems to assess our environment and to identify and assess risks and vulnerabilities, and then implement strategies to mitigate, transfer, or manage risks.
E: Entrepreneurial passion	<ul style="list-style-type: none"> We are solutions-driven and demonstrate unwavering passion for fostering entrepreneurship, igniting the spark of innovation, and driving meaningful change within the enterprise development ecosystem. We create an enabling environment for co-operative banking institutions to deliver community-driven financial solutions that empower members to collectively build prosperous and sustainable local economies.

OUR STRATEGIC PILLARS


SEDFA's mission is delivered through four core business pillars and an internal enabler, as illustrated in the figure below. The framework reflects SEDFA's strategic focus on promoting and coordinating the small enterprise ecosystem to facilitate access to business development, enterprise finance, and support for innovation and growth across various stages of the investment lifecycle. It incorporates the incubation ecosystem and represents a continuum from developmental to commercially oriented approaches, dependent on the stage of development and category of small enterprise/entrepreneur being supported.



OUR BUSINESS MODEL

SEDFA intends to create, deliver, and capture value through the nine building blocks of its business model, shown in the business model canvas below.

Figure 4: SEDFA business model

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITIONS	CUSTOMER RELATIONSHIPS	CUSTOMER SEGMENTS
<ul style="list-style-type: none">• Shareholder• National Treasury• Commercial financial institutions• DAs, DFIs & multilateral development banks• CBIs and CFIs• Financial sector regulators• Investors – public and private sector• Government institutions• NGOs• Delivery channel partners (FS and BDS)• Incubators• Technology providers• Educational, research and training institutions• Industry associations• Large corporations and multinationals• Media• Community leaders	<p>Core business activities:</p> <ul style="list-style-type: none">• Client activation management• Business development services• Lending and investment management• Subsidiaries:<ul style="list-style-type: none">• Credit guarantees (KCG)• Properties management (KBP) <p>Middle office activities:</p> <ul style="list-style-type: none">• Ecosystem and stakeholder management• Credit and risk management• Legal and compliance <p>Core business support activities:</p> <ul style="list-style-type: none">• Strategy, business intelligence, M&E• Digital transformation and innovation• Finance and treasury• Human capital management <p>Governance support activities:</p> <ul style="list-style-type: none">• Corporate secretariat management• Internal audit management	<ol style="list-style-type: none">1. Coordinating and unifying the small enterprise development ecosystem2. Designing and implementing customised development programmes for entrepreneurs3. Facilitating accessible, affordable and tailor-made financial and non-financial support:<ul style="list-style-type: none">• to help informal enterprises sustain and/or formalise• to help start-ups launch and scale• to help SMEs grow and compete in priority sectors through customised, high-impact projects4. Building a capable intermediary network for enhanced investment and quality enterprise support5. Capacitating CBIs to be professional, digitally-enabled providers of affordable community banking <div><p>Business Model</p></div>	<p>CHANNELS</p> <ul style="list-style-type: none">• Direct financing channel• Indirect financing channel• Credit guarantee schemes• IBDS (internal and service providers)• Provincial hubs / branch network• Corporations and government departments (ESD and fund management)	<ul style="list-style-type: none">• Micro – informal• Micro – formal• Micro and Small – innovating, sustaining and growing• Medium – established• Co-operatives• Co-operative banking institutions• Social entrepreneurs• Corporate entrepreneurs• Delivery channel partners (FS and BDS)
<p>COST STRUCTURE</p> <ul style="list-style-type: none">• Overheads Ecosystem and service delivery network Programme implementation Technology and infrastructure development and maintenance Marketing and outreach Monitoring and evaluation Loan impairments and bad debts Contracted services Human capital development			<p>REVENUE STREAMS</p> <ul style="list-style-type: none">• Annual transfers for BDS and ecosystem coordination Income from financing activities Dividends and sales from equity investments Investment income Property rental income BDS income from established enterprises Subsidised development risk and operational funding Donor, grant, SED, ESD and ESG funding Implementing agent fees Capital raised in the market and through partnerships	

OUR OPERATING PRINCIPLES

As an integrated business development and development finance agency, SEDFA has defined the following operating principles to deliver on the value propositions of its business model.

- 1) **Integrated support approach:** Offer a comprehensive suite of financial and non-financial services tailored to the specific needs of small enterprises, recognising the interdependence between institutional sustainability and developmental outcomes.
- 2) **Client-centred focus:** Prioritise the needs and aspirations of small enterprises by providing personalised assistance and solutions that align with their unique circumstances and sustainability/growth objectives.
- 3) **Collaborative partnerships:** Build collaborative partnerships with financial institutions, government agencies, industry stakeholders, and community organisations to leverage resources, expertise, and networks within the ecosystem for the benefit of small enterprises.
- 4) **Capacity building and empowerment:** Facilitate capacity building initiatives, including training, mentorship, and skills development programmes, to empower small enterprises with the knowledge and capabilities needed to succeed in a competitive market environment.
- 5) **Innovation and adaptability:** Embrace innovation and adaptability in service delivery, leveraging technology and best practices to address evolving challenges and opportunities faced by small enterprises.
- 6) **Accessibility and inclusivity:** Ensure equitable access to support services for all small enterprises, especially those in underserved communities and belonging to disadvantaged groups, promoting inclusivity and equal opportunity for entrepreneurship.
- 7) **Sustainable growth orientation:** Promote sustainable business practices and responsible entrepreneurship, emphasising long-term growth, profitability, and socioeconomic impact.
- 8) **Transparency and accountability:** Operate with transparency and accountability in all dealings, ensuring clear communication, ethical conduct, and responsible stewardship of resources entrusted to the agency.
- 9) **Continuous learning and improvement:** Stimulate a culture of continuous learning and improvement within the agency, regularly evaluating service effectiveness, soliciting feedback from stakeholders, and implementing measures to enhance service quality and impact.
- 10) **Advocacy and policy engagement:** Advocate for policy reforms and initiatives that support the growth and development of small enterprises and influencing decision-making processes of the DDM.

1. UPDATED SITUATIONAL ANALYSIS

SEDFA pursues its strategic focus in a complex environment, impacted by global, regional, and national events. In turn, the organisation requires the correct institutional environment to enable delivery of its vision and customer-centric value propositions.

1.1. External Environment Analysis

1.1.1. Global and Regional Socioeconomic Outlook

According to the International Monetary Fund's World Economic Outlook released in October 2024, global growth is projected to stabilise at 3.2% for both 2024 and 2025, reflecting a consistent yet modest expansion compared to the historical average of 3.8% from 2000 to 2019.³

The stabilisation is attributed to easing inflationary pressures and moderated growth in key economies, alleviating concerns over a potential 'hard landing' scenario. The International Monetary Fund notes that the global battle against inflation is largely won, with headline inflation expected to decline from a peak of 9.4% in 2022 to 3.5% by the end of 2025.

However, global trade volumes are anticipated to grow slowly, with projections indicating an expansion of 3.3% in 2024 and 3.6% in 2025, both below the historical average of 4.9%. The subdued growth is largely due to ongoing geoeconomic fragmentation and trade restrictions, particularly between major economies, such as the United States of America (United States) and China.

In Africa, economic resilience is evident despite challenges, including political instability, conflicts, and economic shocks. The African Development Bank's African Economic Outlook 2024 reports that GDP growth slowed to an estimated 3.1% in 2023 from 4.1% in 2022. A rebound is expected, with growth projected at 3.7% in 2024 and 4.3% in 2025, driven by policy measures aimed at mitigating these challenges. This positions Africa as the second-fastest growing region globally, demonstrating its capacity to navigate and adapt to complex global conditions effectively.⁴

The global and regional macroeconomic context provides a foundation for SEDFA's planning, indicating cautious optimism for economic stability and moderate global growth, with vigilance regarding persistent trade and political risks.

1.1.2. South African Socioeconomic Outlook

Demography:

As of mid-2024, South Africa's population has surpassed 63 million, representing a growth rate of 1.33% from the previous year. Gauteng and KwaZulu-Natal (KZN) remain the most populated provinces, making up around 45% of the total population, while the Northern Cape has the lowest population density.⁵

The country continues to attract immigrants, primarily from Zimbabwe, Mozambique, Lesotho, Malawi, and the United Kingdom, indicating South Africa's status as a key migration destination in Africa. These dynamics highlight the importance of providing tailored support for enterprises in diverse and often densely populated regions where immigrant communities contribute to the local economy.⁶

³ International Monetary Fund. *World Economic Outlook*, October 2024

⁴ African Development Bank. *African Economic Outlook 2024*. October 2024

⁵ Statistics South Africa. *Mid-year Population Estimates – 2024*. <https://www.statssa.gov.za/>

⁶ <https://sabusinessintegrator.co.za/latest-news/the-top-trends-impacting-smes-in-2024/>. Accessed 21 October 2024

GDP growth rate:

South Africa's real GDP contracted by 0.3% in the third quarter of 2024 (July–September).

The South African Reserve Bank (SARB) forecasts a gradual improvement in GDP growth, projecting rates of 1.2% in 2024, 1.4% in 2025, and 1.6% in 2026, driven by anticipated stabilisation of energy supply and gradual infrastructure enhancements. However, persistent challenges, such as power outages, water supply issues, and global economic uncertainties, continue to constrain stronger growth.

In the third quarter of 2024 the agriculture sector was the primary contributor to the slowdown on the production (supply) side, alongside declines in transport, trade, and government services. On the expenditure (demand) side, the contraction was driven by decreases in imports, exports, and government consumption.⁷

Several industries recorded poor performance in Q3 2024, with transport, trade, catering, and accommodation declining, and government weakened by reduced civil service employment. However, finance, electricity, mining, and manufacturing showed strong growth, while construction achieved its largest increase in two years, driven by construction works and non-residential building activities.

These dynamics underline the need for SEDFA to support high-growth sectors, enhance resilience in struggling industries, and drive inclusive participation in energy, trade, and manufacturing to support a diversified and robust economy.⁸

National debt:

Rising national debt presents a fiscal challenge, with debt servicing costs consuming over 20% of government revenue, outpacing spending on critical services like education and health. National debt is expected to stabilise at approximately 75% of GDP by 2025, with debt servicing costs forecast to decline marginally thereafter due to measures, such as fiscal consolidation and settlement from the Gold and Foreign Exchange Contingency Reserve.⁹ In this constrained environment, SEDFA's role in mobilising private investment and creating additional funding sources in the ecosystem for small enterprises is vital in supporting growth without exacerbating public debt levels.

Poverty:

South Africa faces a severe poverty challenge, with an estimated 13.8 million people living below the food poverty line. Economic stagnation, high living costs, and limited employment opportunities in rural areas contribute significantly to this issue. The highest poverty levels are found in provinces like Limpopo, Eastern Cape, and KZN, where economic opportunities and access to basic services remain limited.¹⁰ SEDFA's strategy includes empowering survivalist enterprises, particularly in underserved communities, as a vital means of income generation for those without alternative employment.

⁷ <https://www.seda.org.za/Minister's-Budget-Vote-Speech-2024-Priorities-for-the-Department-of-Small-Business-Development.aspx>, accessed 21 October 2024

⁸ <https://www.seda.org.za/Minister's-Budget-Vote-Speech-2024-Priorities-for-the-Department-of-Small-Business-Development.aspx>, accessed 21 October 2024

⁹ <https://sabusinessintegrator.co.za/latest-news/the-top-trends-impacting-smes-in-2024/>. Accessed 21 October 2024

¹⁰ <https://finmark.org.za/knowledge-hub/articles/finscope-msme-south-africa-2024-key-findings-highlight-urgent-need-for-informal-sector-support?entity=blog>. Accessed 21 October 2024

Inequality:

Inequality in South Africa remains one of the highest globally, with a persistent Gini coefficient largely due to disparities in education, employment, and access to opportunities across racial, gender, and geographic lines. Wealth is disproportionately concentrated in urban areas, and wage gaps reflect entrenched socioeconomic divides that continue to impact historically marginalised communities. SEDFA must assist in closing these gaps by promoting inclusive economic growth through targeted support for small enterprises owned by women, youth, and PWDs, as well as enterprises in township and rural areas.

Unemployment:

Employment in South Africa decreased by 92,000 in Q2 2024, with the official unemployment rate rising to 33.5% from the previous quarter. Despite this, the informal sector added 48,000 jobs, while total employment rose from 14.1 million in Q2 2020 (Coronavirus Disease 2019 (COVID-19) inception) to 16.7 million in Q2 2024, with the formal sector accounting for 68.9% of total employment. Forecasts suggest only marginal improvements through to 2026.¹¹

South Africa's sluggish economic growth is unlikely to generate the eight million or more decent-paying jobs needed to reduce unemployment to manageable levels, nor will it adequately address the 13.8 million South Africans living below the monthly food poverty line. SEDFA can positively impact this situation through a dual approach: supporting survivalist businesses to provide immediate income opportunities and financing high-growth enterprises to drive sustainable job creation. The approach is in line with the latest FinScope MSME South Africa 2024 Survey that highlighted the urgent need for informal sector support.¹²

1.1.3. Small Enterprise Landscape in South Africa

The following section is an executive summary of the Seda Q1 2024 Quarterly Update Report, citing Statistics South Africa (StatsSA) Q1 2024 QLFS data.¹³

Figure 5: Key indicators of the SMME landscape, Q1 2024

KEY INDICATORS	2023Q1	2023Q4	2024Q1	q-o-q change	y-o-y change
Number of SMMEs	2 706 617	2 663 839	2 670 569	0.3%	-1.3%
Number of formal SMMEs	815 934	783 347	789 833	0.8%	-3.2%
Number of informal SMMEs	1 800 729	1 815 810	1 804 434	-0.6%	0.2%
Number jobs provided	11 822 568	10 558 686	11 352 824	7.5%	-4.0%
% operating in trade & accommodation	36.0%	39.8%	37.2%	-2.6% pts	1.2% pts
% operating in community services	15.7%	16.1%	15.7%	-0.5% pts	0% pts
% operating in construction	13.8%	12.8%	12.5%	-0.3% pts	-1.3% pts
% operating in fin. & business services	14.7%	14.3%	15.3%	1% pts	0.6% pts
% black-owned formal SMMEs	74.6%	75.7%	74.6%	-1.1% pts	0% pts
% contribution of SMEs* to turnover of all enterprises#	26.9%	33.6%	23.1%	-10.5% pts	-3.8% pts

**excluding micro-enterprises*
#excluding agriculture, financial intermediation, insurance and government institutions
¹³The contribution of SMEs to GDP is contested. An estimate would be possible from existing National Accounts data. However, further research is needed in cooperation and with assistance from Statistics South Africa.

¹¹Statistics South Africa - Quarterly Labour Force Survey (<https://www.statssa.gov.za/publications/P0211>)

¹²Statistics South Africa - Quarterly Labour Force Survey (<https://www.statssa.gov.za/publications/P0211>)

¹³Seda Quarterly Update Report, Q1 2024, Published in October 2024.

Total number of SMMEs:

The latest results show a decline in the total number of SMMEs by 1.3% year-on-year, from 2.71 million in Q1 2023 to 2.67 million in Q1 2024. While informal SMMEs grew slightly by 0.2%, formal sector SMMEs saw a significant reduction of 3.2% due to challenging economic conditions in 2023, particularly in Q3. The quarter-on-quarter figures indicate a slight recovery, with a 0.3% increase in Q1 2024/25.

Employment trends:

Employment within SMMEs fell by 4% year-on-year in Q1 2024, reflecting a loss of approximately 470,000 jobs from Q1 2023. The formal SMME sector, which constitutes 30% of SMMEs, is responsible for 60% of total employment within the sector. Notably, the most affected industries were construction and retail, which have been significantly impacted by infrastructure and demand constraints.

Financial performance:

Financially, SMMEs continue to experience high costs and limited income growth. The latest data shows that SME turnover accounts for only 23.1% of total enterprise turnover. Rising costs, especially borrowing rates and input prices, pushed nominal turnover down by 3.8% year-on-year in Q1 2024. Despite efforts to manage labour costs, SMMEs struggle with squeezed margins, highlighting the need for cost management and revenue diversification.

Number of SMMEs by sector:

The distribution of SMMEs across sectors highlights key areas of concentration and challenges within South Africa's economy. As of Q1 2024, the following sector breakdown shows industry-specific trends:

- 1) **Trade and Accommodation:** This sector remains the largest, accounting for 37.2% of SMMEs. Despite competitive pressures and high market saturation, trade and accommodation continue to provide significant employment and income opportunities for small businesses.
- 2) **Community Services:** Representing 15.7% of all SMMEs, community services have held steady as a key area of SMME activity, showing the high reliance on government for business.
- 3) **Finance and Business Services:** This sector makes up 15.3% of SMMEs, a slight increase from previous quarters. The growth of financial and business services reflects rising demand for specialised support services, including consulting, accounting, and digital solutions, which SMMEs increasingly seek to enhance operational efficiency.
- 4) **Manufacturing:** Manufacturing SMMEs constitute approximately 8.6% of the sector. These businesses, often affected by energy supply challenges and high input costs, benefit from decreased loadshedding yet remain vulnerable to supply chain disruptions. Initiatives supporting cost-effective, small-scale production could aid these businesses in building resilience and competitive advantage.
- 5) **Construction:** Comprising 12.5% of SMMEs, the construction sector has seen a reduction in activity over the past year, reflecting economic constraints and reduced infrastructure projects. This decline signals ongoing struggles with financing and project continuity, affecting job creation and economic growth within the sector.
- 6) **Transport and Communication (Logistics):** SMMEs in transport and logistics account for 7.4% of the sector, with challenges stemming from both infrastructure constraints and fluctuating fuel costs.

However, improved access to digital logistics platforms presents opportunities for these businesses to streamline operations and expand service reach.

- 7) **Agriculture:** Representing 2.6% of SMMEs, agriculture continues to face unique challenges, including water scarcity and volatile input costs. Government-backed initiatives to support smallholder farmers could assist productivity and sustainability in this critical sector.

Sector-specific observations:

The manufacturing and ICT sectors show potential growth, supported by decreasing loadshedding incidences and technological investments. Tourism and hospitality continue to recover slowly, with the Green Tourism Incentive Programme¹⁴ supporting energy-efficient solutions that benefit small operators by reducing operational costs.

Employment distribution:

Employment provided by SMMEs remains heavily skewed towards the formal sector, with 60% of SMME employment concentrated in this segment. Job losses were most pronounced in the informal sector, with construction and agricultural industries seeing the highest reductions in employment. Notably, female employment in SMMEs showed a slight increase, reaching 39.2% in Q1 2024.

Turnover and profitability:

Financial performance continues to be a significant concern, as SMMEs reported nominal turnover decreases of 3.8% year-on-year in Q1 2024, with substantial pressures from input cost inflation and reduced demand. SMMEs are encouraged to adopt cost-efficient strategies and explore alternative revenue sources to counteract these challenges.

Recommendations and implications for SEDFA and the ecosystem:

- 1) **Focus on financial support and sustainability:**

SEDFA must prioritise addressing the declining financial performance of SMMEs by providing affordable finance and business sustainability support. This is critical, given the negative impact of high production costs and borrowing rates.

- 2) **Strengthening the formal sector:**

Since the formal sector provides 60% of SMME employment, SEDFA should focus on expanding support for formalising businesses and providing tailored assistance to formal SMMEs, especially in provinces like Gauteng, which have seen significant declines.

- 3) **Sector-specific support:**

Targeted interventions are needed for key sectors – construction, which has seen a sharp decline, as well as trade and accommodation, which remains the largest sector for SMMEs. SMMEs perform badly in industrial sectors, such as manufacturing. Industry-specific business development services

¹⁴The Green Tourism Incentive Programme is a funding initiative of the Department of Tourism, administered by the IDC. Its purpose is to encourage the tourism sector, including SMEs, to transition to cleaner and more sustainable energy sources.

and financing schemes are needed to support SMMEs in productive sectors, such as manufacturing, ICT, agro processing, professional services, and tourism and hospitality.

4) Explore green financing opportunities:

Environmental incentives, such as the Green Tourism Incentive Programme, offer significant cost-saving benefits to tourism-related SMMEs, helping them become more resilient to energy price volatility.

5) Encouraging youth and female entrepreneurship:

Programmes are needed that encourage young and female entrepreneurs, focusing on addressing the decline in youth entrepreneurship and supporting women-owned businesses, which continue to face barriers to growth.

6) Regional support initiatives:

Regional disparities in SMME performance indicate a need for region-specific support programmes. Gauteng and the Eastern Cape, which experienced declines, need more focused interventions, while support for high-growth areas like KZN should be expanded.

7) Emphasis on digital and innovation:

With growing challenges and competition, SEDFA should promote digital transformation and innovation adoption among SMMEs, helping businesses embrace e-commerce, improve customer engagement, and enhance operational efficiency.

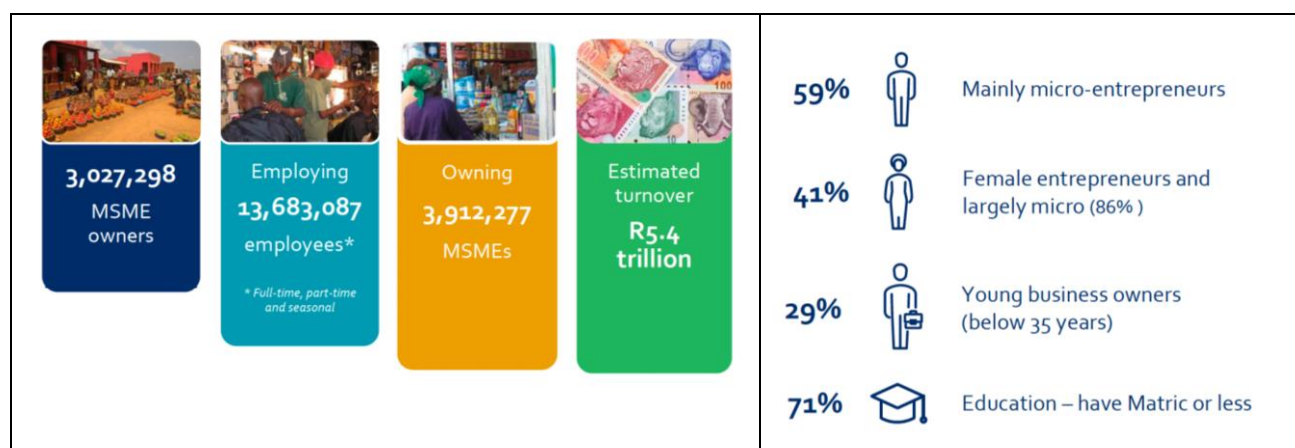
8) Promoting business resilience:

Develop resilience programmes to help SMMEs better manage risks related to inflation, supply chain disruptions, and other external shocks. This includes training in risk management and supply chain optimisation.

FinScope MSME Survey South Africa 2024

The following section is an executive summary of the FinScope MSME South Africa 2024 Survey.¹⁵ The report provides an in-depth analysis of the MSME sector in South Africa, highlighting its role in economic development, employment generation, and community inclusion. MSMEs in South Africa employ around 13.7 million individuals, accounting for a substantial portion of the country's workforce, and contribute approximately R5.4 trillion in turnover.

¹⁵FinScope MSME Survey South Africa 2024, FinMark Trust, July 2024.

Figure 6: Size and scope of the MSME sector

Small enterprises are particularly vital in both formal and informal economies, with notable activity in township and rural areas. The sector is primarily comprised of micro enterprises, which make up 84% of all businesses, followed by small (14%) and medium (2%) enterprises. The figure below shows the changes in the MSME segments between FinScope 2020 and FinScope 2024. Most MSMEs are concentrated in service and trade sectors, which together account for over half of the MSME market.

Figure 7: Size and scope of the MSME segments

	FinScope 2020	FinScope 2024
CIPC registrations	789,194	837,560
SARS registered	782,927	811,665
Formal MSMEs	789,194	837,560
Semi-formal (other registrations)	782,927	1,237,486
Informal MSMEs	1,648,000	1 696 316
Township MSMEs	1,067,452	1 301 496
Rural MSMEs	360,713	429 426

With 80% of MSME owners considered financially included, there has been progress in banking penetration, but a notable proportion of these businesses still rely heavily on cash transactions and informal financial mechanisms. In addition to financial inclusion, the survey also covers MSME challenges in accessing essential business services, navigating complex regulatory requirements, and leveraging digital tools for growth. Many business owners struggle with maintaining proper financial records and lack business management skills, impacting overall business sustainability and formalisation rates.

Key challenges facing MSMEs in South Africa include:

- 1) **Financial constraints:** Limited access to formal financial services and high dependence on personal funds limiting business expansion and resilience.

- 2) **Regulatory and formalisation barriers:** Complex registration processes, high costs, and limited awareness of the benefits of formalisation discourage MSMEs from entering the formal economy, limiting their growth opportunities.
- 3) **Market access difficulties:** MSMEs experience challenges in reaching customers beyond local networks, with limited digital marketing and e-commerce adoption, and face competition from larger entities.
- 4) **Management and financial literacy gaps:** Deficiencies in business management skills, including financial recordkeeping and strategic planning, weaken their ability to sustain and expand operations.

Implications for SEDFA:

To drive meaningful development in South Africa's small enterprise sector, a two-pronged approach involving demand-driven and supply-driven strategies is essential. It is a strategy that addresses the immediate survival needs of micro enterprises, while promoting growth among entrepreneurs and incentivising innovation and localisation within high-impact sectors.

This aligns with SEDFA's intention to establish a Development Fund focusing on micro enterprises and a Commercial Fund focusing on viable SMEs with high-impact projects in sectors prioritised for small enterprise participation.

Demand-driven initiatives (Development Fund):

The Development Fund, with a focus on the vast majority of small enterprises, many of whom are survivalists, may focus on:

Informal enterprises:

- 1) **Aggregation:** By connecting survivalist businesses into larger, more cohesive networks, SEDFA may create opportunities for collective bargaining, bulk purchasing, and shared resources. This network approach improves access to markets and resources that would otherwise be out of reach for individual micro enterprises.
- 2) **Low-cost funding:** Access to affordable capital is vital for micro enterprises, who often rely on personal savings or informal loans. Offering grants and low-interest loans can alleviate this burden, empowering these business owners to cover operational costs, invest in essential assets, and stabilise their operations.
- 3) **Systems support:** Providing simple, scalable systems, such as digital bookkeeping tools, mobile payment systems, and resource management platforms, enables micro enterprises to manage their businesses more effectively.

Formal enterprises:

For entrepreneurs aiming for growth, the Development Fund shifts focus on strategic business development, formalisation, and market access for sustainable expansion:

- 1) **Entrepreneurship development:** Tailored mentorship, business planning resources, and skill-building programmes that equip entrepreneurs with the knowledge and skills needed to navigate

growth. This targeted support would help address challenges in operations, scaling, and overall business management.

- 2) **Formalisation:** By simplifying the formalisation process and helping small enterprises understand its benefits, SEDFA can encourage more businesses to enter the formal economy. Formalisation not only opens doors to new funding sources but also enables access to government support, larger markets, and broader partnership opportunities.
- 3) **Access to markets and funding:** Developing channels that connect entrepreneurs to new markets (both local and international) is vital for growth. This includes facilitating participation in larger supply chains and providing access to funding designed to support scaling businesses.

Supply-driven innovations (Commercial Fund):

The Commercial Fund's focus on high-impact projects aims to build a pipeline of scalable small enterprises in tradeable service and goods producing growth sectors. Key priorities include:

- 1) **High-impact project packaging:** Selecting and developing projects that have the potential for significant economic and social returns and packaging these initiatives for investment creates opportunities for MSMEs to participate in high-value sectors, driving broader economic impact and attracting commercial capital.
- 2) **Sector focus:** Emphasising growth in tradeable service and industrial sectors—such as IT, financial services, and manufacturing—promotes innovation and aligns with global market demand. This sectoral focus helps channel resources toward industries that hold significant potential for growth and exportability.
- 3) **Localisation:** By embedding small enterprises within local value chains and prioritising South African products and services, economic resilience is encouraged. Localisation initiatives support community-based growth and ensure that economic benefits remain within the local economy, creating jobs and fostering sustainable development.

This combined approach seeks to leverage development and commercial funding streams to build a resilient small enterprise ecosystem in South Africa while supporting the long-term sustainability of SEDFA.

Co-operative banking sector:

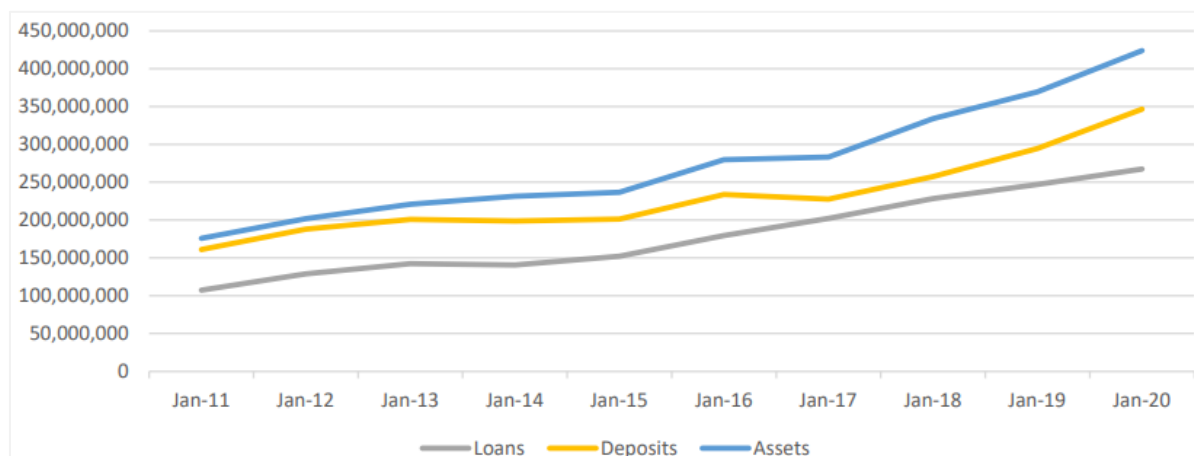
The objective of facilitating rapid growth and sustainability in the co-operatives sector faces a number of challenges. CBIs face ever-growing competition from major banking institutions, fintech organisations, and even non-bank retailers, such as Shoprite, that are capable of servicing consumers down market. Fundamentally, the CBI Model is a savings and credit model, and many commercial banks are now developing products that are similar like stokvel savings. Currently CBIs do not have the levels of digitisation or market access to effectively compete with the large institutional players.

Governance issues in the sector continue to undermine basic trust in the CBI Model. Governance issues include accountability to membership, adequate risk management, and compliance with the National Credit Regulator, FICA, and prudential and market conduct regulations. This is exacerbated by a lack of professional management in the sector.

The sector is undercapitalised in terms of funding, especially during the start-up phase, which translates to an inability to modernise and leverage technology to its advantage. Institutional support for the sector

from government, associations, and industry bodies has been fragmented. SEDFA offers the opportunity to work together and streamline processes and interventions, creating greater cohesion in the sector as a whole.

Figure 8: Co-operative banking sector growth over ten years, 2011 to 2020



Source: Co-operative Banks Development Agency, Annual Performance Plan, 2024/25

The prudential standards have not yet been adequately revised to enable start-ups to receive financial and non-financial support to the extent needed to become viable and sustainable immediately after being registered, including the limits placed on ownership of fixed assets.

With the Co-operative Banking Unit established as a specialised unit in the new entity, there is relative certainty that SEDFA will be able to provide co-operatives with adequate financial and non-financial support. The merger should be beneficial to the sector, provided that the regional footprint of the merged entity is effectively used to provide increased assistance, particularly with regards to addressing the technological challenges faced by CBIs.

1.1.4. Enabling Small Enterprises and Entrepreneurship

The state of entrepreneurship in South Africa

The Global Entrepreneurship Monitor (GEM) has identified 13 key conditions necessary to facilitate small enterprise formation and growth, referred to as 'entrepreneurial framework conditions', listed below¹⁶:

Figure 9: Entrepreneurial Framework Conditions

A1.	Entrepreneurial Finance	There are sufficient funds for new start-ups
A2.	Ease of Access to Entrepreneurial Finance	And those funds easy to access
B1.	Government Policy: Support and Relevance	Policies promote and support start-ups
B2.	Government Policy: Taxes and Bureaucracy	New businesses are not over-burdened
C.	Government Entrepreneurial Programmes	Quality support programmes are widely available
D1.	Entrepreneurial Education at School	Schools introduce entrepreneurship ideas
D2.	Entrepreneurial Education Post-school	Colleges offer courses in how to start a business

¹⁶ Global Entrepreneurship Monitor (2022). *Global Entrepreneurship Monitor 2021/2022 Global Report: Opportunity Amid Disruption*. London: GEM

E.	Research and Development Transfers	Research is easily transferred into new businesses
F.	Commercial and Professional Infrastructure	Quality services are available and affordable
G1.	Ease of Entry: Market Dynamics	Markets are free, open and growing
G2.	Ease of Entry: Burdens and Regulation	Regulations encourage not restrict entry
H.	Physical Infrastructure	Good quality, available and affordable
I.	Social and Cultural Norms	Encourage and celebrate entrepreneurship

Source: Global Entrepreneurship Monitor, 2023/24

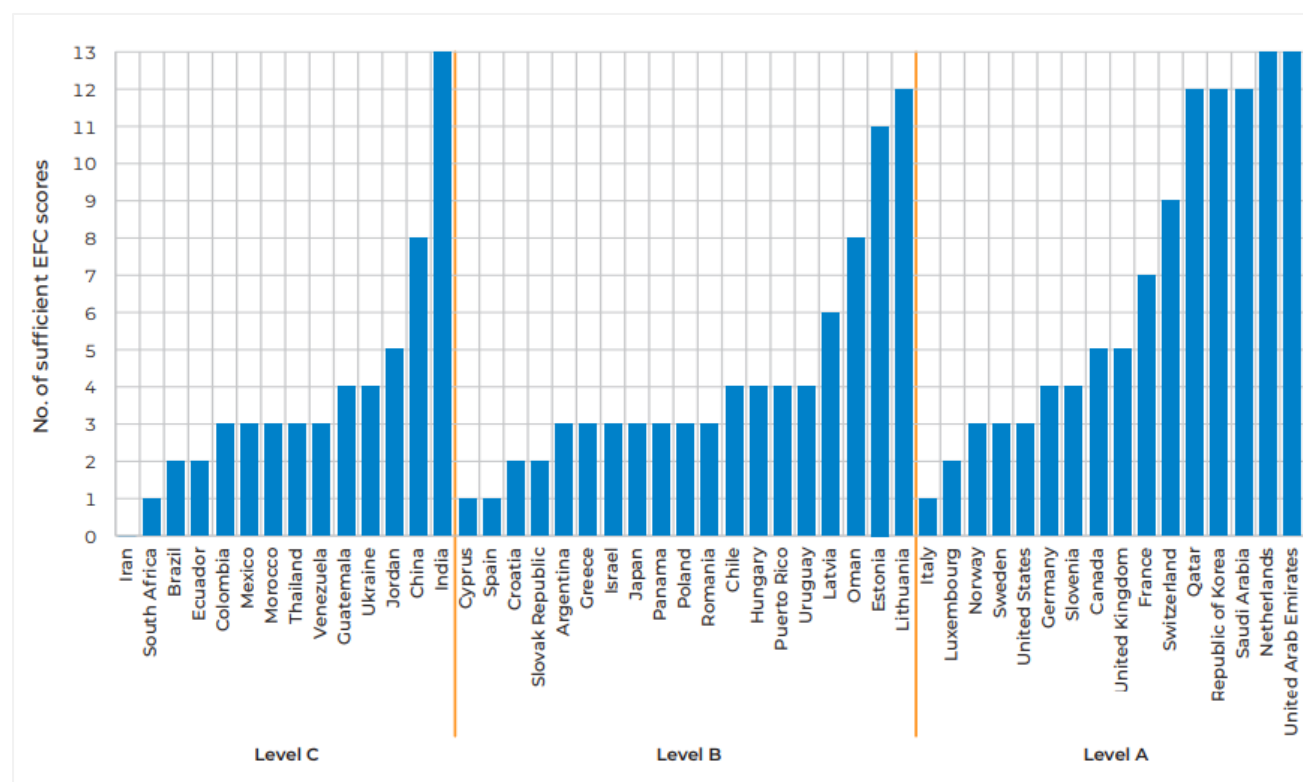
GEM seeks out expert views on the sufficiency or otherwise of each entrepreneurial framework condition by carrying out a National Expert Survey in each of the 50 countries currently participating. The National Expert Survey asks the same questions of at least 36 national experts in each economy, who each score their national economy against the extent to which they agreed or did not agree to questions about each framework condition. The framework conditions are scored according to an 11-point Likert Scale, ranging from completely untrue (0) to completely true (10). A score of 5 and above is regarded as sufficient, and a score of less than 5 means less than sufficient.

The quality of the overall entrepreneurial environment in South Africa improved from a score of 3.7 in 2021 to 4.1 in 2022, but then fell back to just 3.6 in 2023, the third lowest of the 49 economies participating in GEM. This reduction reflected declines in 11 of the 13 entrepreneurial framework conditions, with only Entrepreneurial Finance and Ease of Entry: Market Dynamics recording increases.

The greatest fall was in Social and Cultural Norms, down from 4.5 in 2022 to 3.3 in 2023. A fall of this size for this entrepreneurial framework condition is unusual, because social and cultural norms typically change very slowly. Other entrepreneurial framework condition scores that fell substantially included Government Entrepreneurial Programmes, Government Policy: Support and Relevance, and Research and Development Transfers. Although South Africa's scores for women's entrepreneurship were also recorded as less than sufficient, those scores were better than for most of the other country's entrepreneurial framework conditions, with social support for women entrepreneurs at 3.9, which, while low, placed South Africa 21st of the 49 GEM economies¹⁷.

¹⁷ *Global Entrepreneurship Monitor (2023). Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing. London: GEM.*

Figure 10: Number (out of 13) of entrepreneurial framework conditions scored as sufficient per economy



Source: Global Entrepreneurship Monitor 2023/24

Nearly three in five adults reported that their household income had fallen in 2023, a proportion little changed over the previous two years. The entrepreneurial profile remains high in South Africa, with two in five adults knowing someone who had recently started a business, and two in three either seeing good opportunities to do the same or considering they have the skills and experience to start their own business.

However, nearly three in five of those seeing good opportunities would not start a business for fear it may fail, so just 8% of adults expected to start their own business in the next three years. In recent years, the level of total early-stage entrepreneurial activity in South Africa has fluctuated from 17.5% in 2021, down to 8.5% in 2022, and then up to 11.1% in 2023.

Men are slightly more likely to start a business than women (12.7% against 9.7%). Seven out of ten new entrepreneurs agreed that their motivation to start a business was to earn a living 'because jobs are scarce', with slightly fewer (two out of three) agreeing with the motivation 'to build great wealth' or 'very high income'. Only one in five new entrepreneurs had customers outside of their own country, but three in five expected to use more digital technologies in the next six months.

One in five new entrepreneurs expected to employ at least another six people over the next five years, more or less the same proportion as in 2022, but down from three in ten in 2021. Overall, the level of entrepreneurial activity has held up relatively well in 2023, despite some deterioration in the quality of the entrepreneurial environment.¹⁸

¹⁸ Global Entrepreneurship Monitor (2023). *Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing*. London: GEM.

GEMS South Africa Report 2024:

The GEMS South Africa Report 2024¹⁹ provides a comprehensive overview of South Africa's small enterprise landscape, identifying critical challenges, opportunities, and structural dynamics. It reinforces the potential impact of an effectively facilitated and unified small enterprise development ecosystem, which is central to SEDFA's mandate, especially in light of government resource constraints. A coordinated ecosystem would optimise resource use, improve service delivery, and amplify the impact of initiatives aimed at supporting entrepreneurial growth.

Key findings and insights:

Table 4: GEMS South Africa Report 2024 – Key insights and planning implications for SEDFA

Focus Area	Key Findings and Insights	Planning Implications for SEDFA
Structural challenges	<ul style="list-style-type: none"> ▪ High informality: A significant proportion of small enterprises remain informal, impeding access to funding and markets. Regulatory complexities persist as barriers. ▪ Limited financial literacy: Funding constraints and poor financial literacy growth, contributing to South Africa's high business discontinuance rate of 7.3% in 2023. 	<p>Addressing informality and access to funding:</p> <ul style="list-style-type: none"> ▪ Develop innovative funding mechanisms tailored to informal and rural enterprises, such as blended finance models, micro loans, and grant-plus-loan packages. ▪ Enhance financial literacy programmes to reduce the business discontinuance rate and improve the sustainability of funded enterprises.
Geographical disparities	<ul style="list-style-type: none"> ▪ Urban concentration: Economic activity is concentrated in urban areas, with rural regions underserved in terms of infrastructure and services. Broadband access remains a major hurdle for rural businesses. ▪ Entrepreneurial engagement gap: Entrepreneurial engagement in rural areas is 40% lower than in urban centres, stressing the need for a multipronged omnichannel approach. 	<p>Focus on underserved regions:</p> <ul style="list-style-type: none"> ▪ Invest in rural enterprise development by providing critical infrastructure like broadband and energy solutions. ▪ Strengthen the service delivery network through a multipronged omnichannel approach comprising direct and indirect access points for a common entry into support regardless of location.
Sectoral growth trends	<ul style="list-style-type: none"> ▪ Dominance of services: The service sector accounts for over 70% of GDP. Growth is evident in technology-driven sectors, but traditional manufacturing lags due to global competition. ▪ Innovation remains low: Fewer than 30% of early-stage entrepreneurs are introducing new-to-market products. 	<p>Sectoral priorities:</p> <ul style="list-style-type: none"> ▪ Expand support in tradeable service-oriented and technology-driven sectors, which show growth potential, while offering transitional support for traditional manufacturing. ▪ Promote innovation by incentivising product development in early-stage enterprises, aiming to increase the

¹⁹ Bowmaker-Falconer, A., Meyer, N. and Samsami, M. 2024. *Shaping entrepreneurship development through policy direction*. Stellenbosch University: Stellenbosch, South Africa.

Focus Area	Key Findings and Insights	Planning Implications for SEDFA
		rate of innovation to >40% (peer benchmark).
Workforce and skills	<ul style="list-style-type: none"> ▪ Gender disparity: Male entrepreneurial engagement stands at 19.9%, compared to 13.5% for women, requiring gender-inclusive interventions. ▪ Youth challenges: Entrepreneurial activity among youth is low at 10.6%, reflecting barriers such as insufficient mentorship and start-up capital. 	Capability building and mentorship: <ul style="list-style-type: none"> ▪ Develop youth entrepreneurship programmes focused on skills training, digital literacy, and mentorship to raise entrepreneurial engagement to >15% (peer benchmark). ▪ Address gender disparities through targeted interventions that provide mentorship, funding, and training for women entrepreneurs, aiming to increase female participation to >20% (peer benchmark).
Policy and institutional support	<ul style="list-style-type: none"> ▪ Fragmentation: Despite existing frameworks, implementation gaps and fragmented support structures result in inefficiencies and duplicated efforts across agencies and across the three spheres of government. 	Unified support framework: <ul style="list-style-type: none"> ▪ Collaborate with other agencies to create a unified support framework that avoids duplication and maximises efficiency.
Impact of external shocks	<ul style="list-style-type: none"> ▪ Operational risks: Enterprises face continued disruptions from loadshedding/power outages and high energy costs. ▪ Post-COVID-19 recovery: Tourism and retail are still recovering from the COVID-19 pandemic, with demand remaining below pre-pandemic levels. 	Sustainability and energy focus: <ul style="list-style-type: none"> ▪ Support small enterprises in adopting green technologies/energy-efficient practices in response to ongoing energy challenges. ▪ Partner with renewable energy providers to offer affordable solutions that reduce reliance on conventional energy sources.

SEDFA's potential areas of greatest impact:

- 1) **Ecosystem leadership:** Centralising coordination of the small enterprise development landscape to ensure a unified, resource-efficient approach.
- 2) **Gender and youth empowerment:** Address disparities by increasing support for women and youth entrepreneurs through targeted funding and mentorship.
- 3) **Innovation and technology adoption:** Drive productivity and competitiveness through innovation in early-stage enterprises.
- 4) **Township and rural development:** Expand access to critical infrastructure and decentralise support to underserved areas (optimal combination of direct and indirect channels), ensuring equitable growth.

- 5) **Sustainability initiatives:** Champion green practices and energy solutions to build resilience and align with global ESG goals.

Case for an effectively facilitated and unified ecosystem:

An effectively facilitated and unified small enterprise development ecosystem, led by SEDFA, can significantly address the systemic inefficiencies highlighted in the GEM Report. By coordinating public and private sector efforts, SEDFA can:

- 1) **Optimise resource use:** Leverage limited government resources by aligning efforts across stakeholders, minimising duplication, and improving the efficiency of service delivery.
- 2) **Enhance accessibility:** Create a cohesive network that simplifies access to funding, training, and infrastructure for small enterprises, particularly in underserved regions.
- 3) **Strengthen partnerships:** Intensify collaborations with private sector entities, academic institutions, and international organisations to expand the reach and effectiveness of support initiatives.
- 4) **Improve innovation and competitiveness:** Drive synergies across sectors to encourage innovation, technology adoption, and market diversification, raising the rate of new-to-market product introduction.
- 5) **Stimulate inclusive growth:** Promote equity by targeting interventions for women, youth, township and rural entrepreneurs, bridging participation gaps and enabling sustainable livelihoods.

Role of government in the ecosystem:

Governments can enhance the national entrepreneurial culture by promoting programmes that prioritise small enterprises as preferred suppliers. They can also work to identify and bridge gaps in business enablement that could stifle small enterprises growth. In addition, they can provide outsourcing support for back-office services, something that small enterprises typically struggle with. The government should raise awareness among small enterprises about available support, enhance entrepreneurs' skills in areas like business planning and financial management, and collaborate with vulnerable industries to develop resilience strategies and reimagine their business models. Research and development are key to innovation and growth and there is an opportunity for the government to provide nuanced, sector-specific interventions.

Trade and Investment is a key pillar of the Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Indonesia, Iran, and the United Arab Emirates (BRICS+) partnership and interest has been shown by member countries to collaborate with an agency, such as SEDFA, to access information regarding small businesses in several sectors, particularly within the green economy, energy, agri-business, digital and innovation economy, among others. From a South African perspective, beneficial partnerships should be established to prepare small enterprises for exports within the identified sectors.

Role of the private sector in the ecosystem:

The private sector has several opportunities to support small enterprise growth, especially those with high potential. Banks and financial institutions have implemented various initiatives to support small enterprises, such as suspending loan repayments, offering interest waivers, providing resources, and facilitating expedited loan approvals. Additional interventions should be aimed at promoting the adoption of new

channels and payment methods. Corporates, more generally, could enable small enterprises by focusing their supplier development programmes for longer-term scale and competitiveness.

Small enterprises are considered a vital engine in an economy, driving growth, spearheading innovation, and perhaps, most importantly, creating employment, especially among young people. They can leverage their agility to design and incubate new technologies and business models to build a better future. Many of South Africa's small enterprises have the potential to become tomorrow's large corporations, the African unicorns that the continent needs to continue its path towards growth and prosperity.

Global good practice models for effective ecosystem facilitation:

The DSBD/ex-Seda DEF Model comprises several ecosystem facilitation good practices, including the establishment of district support centres and coordinating committees, opportunity localisation and BDS and Financial Services matching, programme and projects coordination, online district information management across the branch and partner network, and practitioner capacity building. Globally, key learnings include:

- 1) Singapore's enterprise hub model – creating decentralised hubs ensures tailored support at the local level.
- 2) Rwanda's digital government services platform – demonstrates the importance of integrating services digitally for accessibility and efficiency.
- 3) Kenya's Youth Enterprise Fund and Chile's gender-focused initiatives – promote equitable ecosystem participation.
- 4) Germany's KfW and India's microfinance initiatives – demonstrate the impact of tailored financial instruments on ecosystem support.
- 5) Results-based M&E systems - adopted in the United States' Small Business Administration to track ecosystem performance.
- 6) Finland's innovation hubs – highlight the importance of promoting innovation within small enterprise ecosystems.
- 7) Sector-focused approaches as seen in India's National Small Industries Corporation– for targeted ecosystem effectiveness.
- 8) Building institutional capacity across the ecosystem is key, as demonstrated by Singapore's Enterprise Development Agency.
- 9) Most international ecosystem approaches – highlight the importance of partnerships in creating cohesive ecosystems.

1.1.5. PESTEL Analysis

The key external environment factors impacting on the work of SEDFA are summarised below.

Table 5: PESTEL analysis and SEDFA response

Factor	Analysis	Response Required from SEDFA
Political	<ul style="list-style-type: none"> Rising geopolitical tensions, including potential shifts in trade policies under the Trump administration, may affect South Africa's access to trade agreements, such as the African Growth and Opportunity Act (AGOA), posing risks for small enterprises dependent on United States exports. Fiscal pressures, possible social unrest from high youth unemployment, food insecurity, and changes in small enterprise policy require agility in responding to new administration priorities. 	<ul style="list-style-type: none"> Engage in advocacy with DSBD to maintain AGOA benefits and explore alternative trade relationships through BRICS+ and AfCFTA. Brief new political actors on SEDFA's role and ongoing initiatives to ensure policy alignment. Strengthen market diversification support to reduce dependence on United States exports, enhance resilience against trade uncertainties, and build partnerships with the dtic, Industrial Development Corporation of South Africa (IDC), and other trade and investment agencies.
Economic	<ul style="list-style-type: none"> South Africa faces inflation, energy shortages, and reliance on commodities, compounded by logistical inefficiencies and crime. Currency volatility, influenced by the Trump presidency, further impacts operational costs for small enterprises. Shutdowns in major manufacturing sectors have downstream effects on small businesses. CBIs and co-operative financial institutions (CFIs) play a critical role in funding micro enterprises and rural development but face challenges such as limited reach, insufficient funding pools, and systemic inefficiencies. 	<ul style="list-style-type: none"> Promote South African Development Community and intra-African trade opportunities to diversify markets. Facilitate access to trade agreements and advocate for streamlined processes to reduce red tape. Support and collaborate with co-operative banking structures to expand their capacity, particularly in rural areas. Support economic diversification through a priority sector approach, customising support to leverage the sector/industry comparative advantage of each province (inclusion in sector masterplans).
Social	<ul style="list-style-type: none"> Persistent challenges in poverty, unemployment, and inequality, with women, youth, and PWDs underrepresented in entrepreneurship. Poor science, technology, engineering, and mathematics outcomes and limited entrepreneurial focus impede business formation. The prevalence of undocumented foreign nationals operating spaza shops has led to community tensions and concerns over compliance with local regulations. 	<ul style="list-style-type: none"> Increase awareness and launch entrepreneurship start-up programmes, tailored for vulnerable groups (women, youth, and persons with disabilities) and township and rural enterprises. Partner with educational institutions to strengthen entrepreneurial education and position entrepreneurship as a viable career path. Collaborate with regulatory bodies to ensure that all small enterprises, including foreign-owned spaza shops, comply with local laws and standards.

Factor	Analysis	Response Required from SEDFA
	<ul style="list-style-type: none"> Recent incidents of food poisoning linked to spaza shops have resulted in child fatalities, highlighting significant public health and safety issues. 	<ul style="list-style-type: none"> Implement food safety training and certification programmes for small business owners to prevent public health crises.
Technological	<ul style="list-style-type: none"> Digitalisation offers opportunities but rural areas lack access to reliable infrastructure. Automation and e-commerce offer new business tools but present job displacement risks. Cybersecurity remains a significant and growing threat for small enterprises. 	<ul style="list-style-type: none"> Invest in rural digital infrastructure and integrate e-commerce tools into enterprise development. Enhance skills development in digital technologies to ensure businesses are equipped to compete effectively. Develop cybersecurity awareness programmes and scalable solutions for small enterprises.
Environmental	<ul style="list-style-type: none"> Increased focus on ESG and green economy. Climate change transition creates opportunities, but environmental regulations can be costly and cumbersome for small enterprises. South Africa's move to green energy presents funding and compliance challenges for businesses. 	<ul style="list-style-type: none"> Establish a "Green Desk" to assist businesses in navigating environmental regulations and accessing green funding. Partner with international and local organisations, e.g., Organisation for Economic Co-operation and Development and African Development Bank for climate funding and green energy opportunities. Support businesses in adopting sustainable practices aligned with South Africa's green transition.
Legal	<ul style="list-style-type: none"> Heavy regulatory burden, complex product compliance requirements, and inflexible labour laws hamper small enterprise growth. Smaller firms struggle to comply with industry-wide wage bargaining agreements, which limit their capacity to employ young people and grow. 	<ul style="list-style-type: none"> Advocate for regulatory reforms that reduce compliance burdens for small enterprises. Establish a red tape reduction unit within SEDFA to assist businesses in navigating legal frameworks. Provide educational support on compliance requirements to reduce risks for small enterprises.

1.2. External Environment Analysis

Since there is no past performance information for SEDFA, as the 2025/26 APP marks year one in the implementation of the entity's first strategic plan since the merger on 1 October 2024, the baseline performance, capacity, and capabilities of the three individual entities that merged are discussed in the following internal environment analysis.

1.2.1. Overview of the Merged Entities

A summary overview of the three merged entities is set out below. This background provides the foundation for planning for the new entity, which integrates the functions of the individual entities to form SEDFA. The merger is not intended to be a simple continuation of each entity's work under one umbrella; instead, it aims to create synergies that enhance efficiency, expand impact, and drive innovation. By combining resources, expertise, and strategic direction, SEDFA is being positioned to deliver a more cohesive and powerful approach to achieving its mandate.

Table 6: Overview of entities merged to form SEDFA

	Seda	sefa	CBDA
History	<p>Established in December 2004 through an amendment to the National Small Enterprise Act (NSEA) as an agency under the Department of Trade and Industry.</p> <p>The establishment was done by merging three entities: Ntsika Enterprise Promotion Agency, National Manufacturing Advisory Centre and the Co-operatives and Community Public Private Partnership Programme.</p>	<p>Established in April 2012 as a result of the merger of Khula Enterprise Finance Agency and the South African Micro Apex Fund.</p>	<p>CBDA was established through the Co-operative Banks Act, 2007 in August 2008 to regulate, promote, and develop co-operative banking.</p>
Legal establishment (pre-merger)	<p>Chapter 3 was inserted into the NSEA, against which Seda derived its juristic personality.</p> <p>Seda was listed as a Schedule 3A National Public Entity in terms of the PFMA.</p> <p>Initially its Executive Authority was the Minister of the Trade and Industry and later the Minister of Small Business Development.</p>	<p>sefa was a SOC incorporated in 2012 whose governance and operations were provided for in terms of the Companies Act 71 of 2008.</p> <p>sefa had a deemed Schedule 2 Major Public Entity listing by virtue of being a subsidiary of a Schedule 2 listed entity, the IDC.</p> <p>The IDC owned 100% of sefa via an entity, Ernani (Pty) Ltd.</p> <p>sefa has several joint ventures, associates and subsidiaries, including KCG and Khula Business Premises (Pty) Ltd (KBP).</p>	<p>CBDA was established by the Co-operative Banks Act.</p> <p>The Co-operative Banks Act was amended by the Financial Services Laws General Amendment Act (2013). This transferred the Supervision Unit of the CBDA to the Prudential Authority in the South African Reserve Bank.</p> <p>It was listed as a Schedule 3A National Public Entity in terms of the PFMA.</p>
Mandate	<p>Seda's primary mandate was the provision of non-financial support to SMMEs, mandated to implement government's small business strategy, design and implement a</p>	<p>sefa's mandate was to foster the establishment, survival and growth of SMMEs and co-operatives and thereby</p>	<p>The CBDA was established to promote and develop co-operative banking, including deposit takers and lending co-operatives.</p>

	Seda	sefa	CBDA
	standard and common national delivery network for SMME development, and integrate government-funded SMME support agencies across all spheres of government.	contributing towards poverty alleviation and job creation. The primary focus of sefa was the provision of financial services, supported by non-financial business support.	CBDA's mission was to create an enabling environment for the co-operative banking sector through support provided to CBIs.
Human capital	<p>As of end March 2024, Seda had a staff complement of 706 employees, including fixed-term contractors and interns.</p> <p>Vacancies increased significantly in FY2022/23 in the skilled salary band, owing to challenges relating to the moratorium on hiring permanent staff.</p> <p>The high attrition levels and a shortfall of qualified staff at the regional offices placed challenges on the agency's ability to provide quality business support, particularly where specialised sector expertise was required.</p>	<p>As of end March 2024, sefa's headcount was 375 employees, including fixed-term contractors and interns. 60% of staff were maintained in front-end business functions and 40% in support services. The race profile was 96% Black representation in March 2024.</p> <p>The organisation continued to keep a flexible component of its workforce at a minimum in alignment with the moratorium on recruitment due to the planned sefa/Seda/CBDA merger.</p> <p>Critical vacancies at different levels of the organisation impacted organisational performance: leadership, business continuity, institutional knowledge, and customer service.</p> <p>The directive of employment on fixed-term contracts directly impacted the stability and quality of skills attracted and retained.</p> <p>sefa employees were highly marketable and able to secure better job offers elsewhere.</p> <p>The resultant high vacancy rates hindered operational efficiency and the effective</p>	<p>As of end March 2024, CBDA had a staff complement of 12 employees.</p> <p>While the staff complement made up the bulk of the CBDAs budget and were highly skilled, the overall budget allocation was insufficient to implement the entity's mandate in full.</p>

	Seda	sefa	CBDA
		rollout of key programmes like the Township and Rural Entrepreneurship Programme (TREP), impacting the development of a quality loan book.	
Geographic reach	53 branches, nine mobile units, 110 incubation centres and 74 access points	82 access points, of which 24 are specialised access points through wholesale partners.	-
ICT	<p>The three entities operate in wholly distinct modes and a merger will require consideration of strategies that take this into consideration and cause the least disruption. Assessing the current capabilities provides context to developing a holistic picture of how to merge the operations of the three entities.</p> <p>Using the Capability Maturity Model to assess and thus to develop an organisation's ICT across multiple domain processes, the assessment of the three entities, at inception, using a five-level rating scale (evolutionary path) is as follows:</p>		
Software development	3	2	-
IT service management	2	3	-
IT security	2	2	-
Enterprise architecture	1	2	-
Note	<p>The Capability Maturity Model levels prescribed above are based on documentation requested and presented by the entities as part of the process of developing the merged entity business case. Further assessment is being undertaken by the merger implementation workstream responsible for integrating systems and processes to enable the merged entity.</p>		

Source: Merged Entity Business Case (2 December 2022) and annual reports 2022/23 and 2023/24

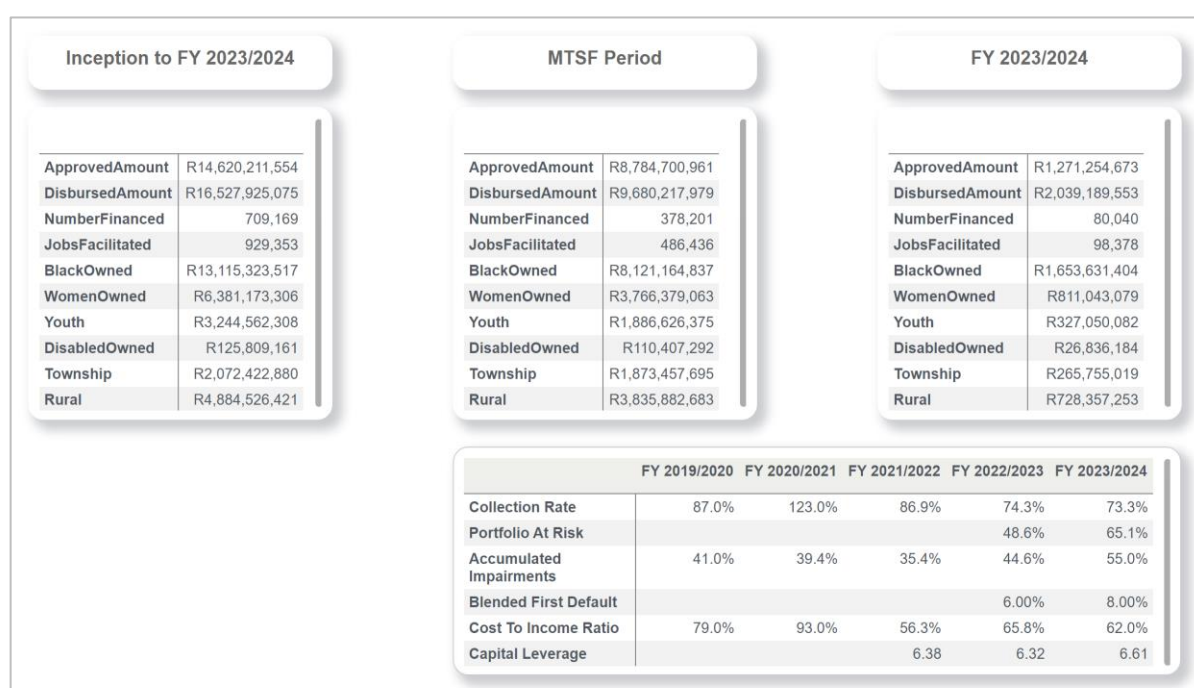
1.2.2. Reflection on sefa's Past Performance

sefa's initial capitalisation was derived from the balance sheets of the merged institutions (Khula Enterprise Finance Agency and South African Micro Apex Fund), annual transfers from the fiscus (Medium Term Expenditure Framework (MTEF) allocation), and a long-term interest-free loan from the IDC.

sefa received an MTEF allocation through the **dtic** on an annual basis. This allocation was received via **sefa's** pre-merger shareholder, the IDC, and was accounted for by **sefa** as a shareholder loan in terms of the signed IDC Annual Grant Through Shareholder Loan Agreement. The MTEF allocation was intended to subsidise interest rates, fund client support services, support the KCG Fund, and cover operational shortfalls incurred by **sefa**. Additionally, **sefa** received grants from the government through the DSBD, or other stakeholders, such as the European Union, to fund specific products.

Highlights of **sefa's** performance are shown below for the following periods from establishment in 2012 to FY2023/24, Medium-Term Strategic Framework (MTSF) 2019–2024, and FY2023/24.

Figure 11: sefa performance highlights, 2012 – 2024



Since its inception in 2012, **sefa** has disbursed over R16.5 billion, financed more than 709,000 small enterprises, and facilitated nearly 930,000 jobs. 58% of the R16.5 billion was disbursed during the 2019–2024 MTSF period, contributing to nearly 500,000 jobs facilitated.

The figure below provides further detail of **sefa's** loan book performance over the MTSF 2019-2024 period.

Figure 12: sefa loan book performance, 2019/20–2023/24










Funding has been provided to small enterprises in rural areas via **sefa**'s Informal and Microfinance Programme. The Informal and Microfinance Programme uses the Grameen Group Lending Methodology and primarily targets women entrepreneurs. Overall, the programme has been successful, with several good stories to tell. 96% of **sefa**'s corporate performance indicators are derived from its intermediary channels (Wholesale and KCG) and, of that, 98% is from the Informal and Microfinance Programme.

As shown in the table below, **sefa** has achieved 90% (9/10) of its 2019 to 2024 outcome indicator targets. The agency has fulfilled its mandate against plan in relation to facilitating funding to the economy, facilitating job creation, assisting SMMEs to be sustainable, enhancing service delivery and stakeholder satisfaction, maintaining financial sustainability, raising capital, and achieving sound governance. The achievement is noteworthy and aligned to the original objectives of the business case for the establishment of **sefa**.

Of concern is the non-achievement of the loan impairment ratio, which was 58% as of end FY2023/24 against the five-year target of 32%. The impairment ratio at the end of FY2024/25 Quarter 2 stood at 60.7%, exceeding the target of 45%. However, this reflects an improvement from 63% in the previous quarter, primarily driven by loan restructurings and additional disbursements during the quarter. Increased loan disbursements and the write-off of non-recoverable loans are expected to further improve the impairment ratio.

Table 7: Strategic outcomes and progress as of end FY2023/24

sefa Outcome (2025 Result)	Outcome Indicator	Five-Year Target (March 2025)	Progress to Date (FY2019/20-FY2023/24 Unaudited)	% Achieved (As of FY2023/24)
1. Enhanced access to finance by SMMEs and co-operatives	Total Rand value of funding facilitated to economy (R'000)	R9,7 billion	R9,029 billion	99.3% 
	Total number of jobs facilitated	564,475	459,191	86% 
	Percentage of sefa funded clients still in business during the contract period	70%	66%	94% 
2. Enhanced service delivery and stakeholder satisfaction	Number of partnerships leading to growth in funded clients	25	27	108% 
	sefa Brand Visibility Index	80%	66%	82% 
3. A financially sustainable organisation	Net asset value (R'000)	R1,221,262	R1,295,864	107% 
	Loan impairment ratio (rate of non-performing loans)	32%	55%	58.20% 
4. Leveraged strategic	Rand value of capital raised (R'000)	R555,000	R631,504	132%

sefa Outcome (2025 Result)	Outcome Indicator	Five-Year Target (March 2025)	Progress to Date (FY2019/20-FY2023/24 Unaudited)	% Achieved (As of FY2023/24)
assets and capital raising				✓
5. Sound governance and a high-performance organisation	External audit outcome	Maintain an unqualified audit outcome from the Auditor-General of South Africa over period to 2024/25	Unqualified audit opinion	Maintained an unqualified audit outcome from the External auditors appointed by the Auditor-General ✓
	Productivity ratio	20% improvement in productivity	Productivity baseline established	Productivity baseline increased by 5% ✓

Figure 13 below illustrates the total loan book approvals as of 30 September 2024, amounting to R493.8 million across 383 loan facilities, achieving 68.5% of the quarterly target of R720 million. While the approvals fell short of the target, they reflect a significant improvement in value compared to the same period in the 2023/24 financial period. The underperformance is attributed to human capacity constraints and challenges in the effective functioning of **sefa's** back-office operations.

Figure 13: Total loan book approvals as of 30 September 2024

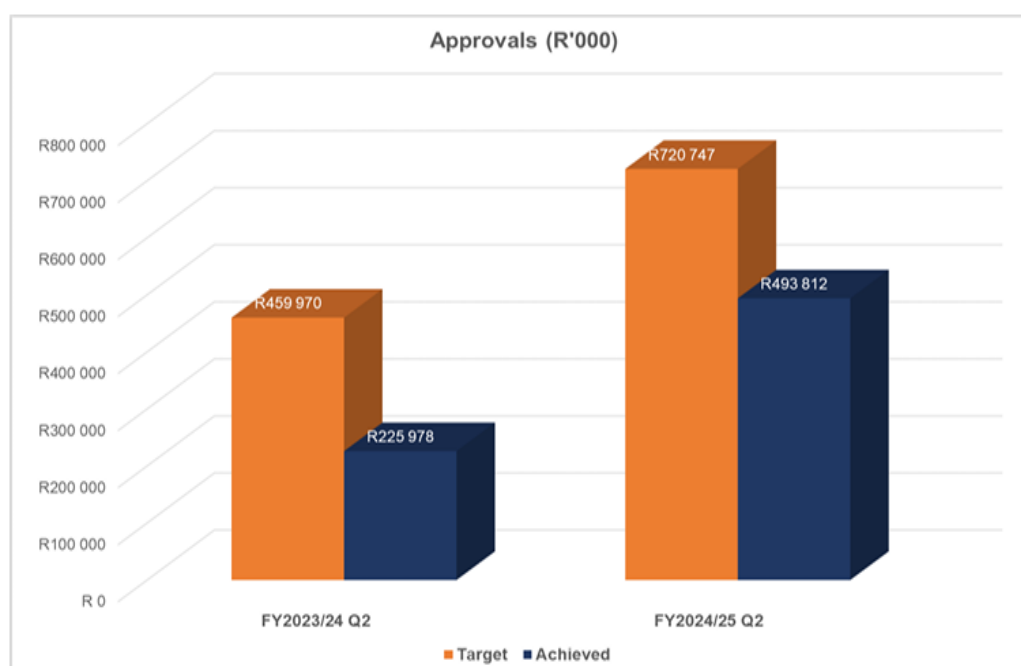
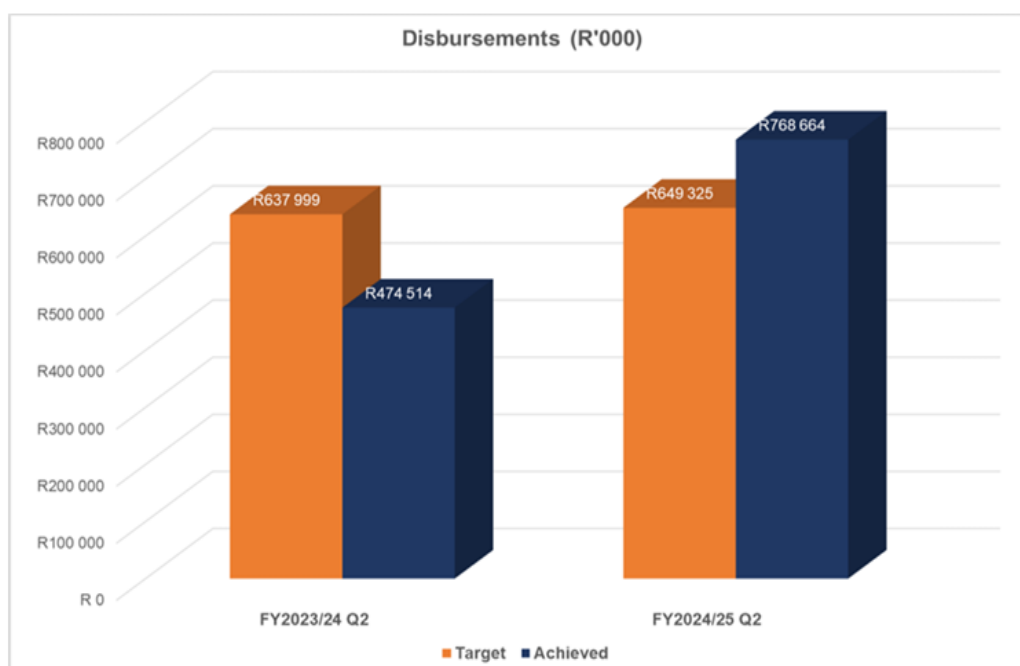


Figure 14 highlights total loan disbursements as of 30 September 2024, which reached R768.6 million, exceeding the quarterly target of R649 million by 18.4%. This includes R79.4 million in Direct Lending and

R689.2 million in Wholesale Lending, with contributions from KCG (R435.5 million), Wholesale SME (R111.6 million), and Microfinance (R142.1 million). The total disbursements represent a significant improvement compared to the R474.5 million disbursed in Q2 of the 2023/24 financial year.

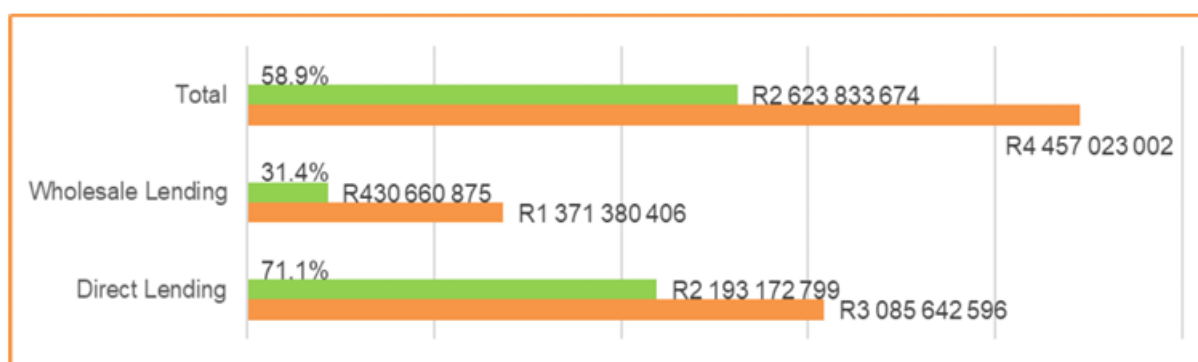
Figure 14: Total loan book approvals as of 30 September 2024



The overall portfolio at risk (PAR) rose from 48% in FY2022/23 to 65% by end FY2023/24. The target being 45%.

As of 30 September 2024, **sefa's** amortised total loan book stood at R4.7 billion, comprising R3.09 billion in Direct Loan Facilities and R1.63 billion in Wholesale Loan Facilities, which included R257 million in invested funds facilities. The PAR accounted for 58.9% of the total loan book as of the same date as depicted in the figure below.

Figure 15: sefa Portfolio at Risk as of 30 September 2024



The growth in the PAR is because of poor trading conditions, which impact on the cash flow position of **sefa's** funded clients and their ability to honour their payment obligations. This has resulted in businesses struggling to keep up with their monthly **sefa** repayments and hence an increase in arrears.

To manage the increase in the PAR, **sefa** has proactively implemented soft restructuring of loan agreements, which includes deferred payments, full restructuring of facilities, and proposals for write-off of the legacy book (not approved by the board). Looking ahead:

- 1) The new SEDFA Board should prioritise the approval of write-offs for unrecoverable debts from the legacy loan book, allowing the merged entity to commence operations with a clean slate.
- 2) An integrated SEDFA must intervene with tailored strategies to support struggling clients through proactive post-investment management, including workout and restructuring and tailored business support interventions.
- 3) A redesign of TREP is required, with a focus on off balance sheet funding, localised township resources to assist in origination and collections, and strapped-in business development and support.
- 4) SEDFA needs to take care in determining its credit risk and investment criteria, differentiating pricing and impairment thresholds through the establishment of a Development Fund and Commercial Fund.

While SEDFA financial services requires recapitalisation, given the fiscal constraints and competing demands on the national fiscus, National Treasury has indicated that the state does not have the resources to meet the entity's recapitalisation needs.

In the short term, the merged entity will need to: 1) tighten its lending criteria, with an appropriate balance between developmental and commercial objectives to manage its impairment risk within board-approved thresholds; and 2) engage with stakeholders for on-lending capital, notably the Unemployment Insurance Fund, Department of Land Reform (the expansion of the Land Reform Empowerment Fund), the Department of Tourism (Tourism Equity Fund), and the IDC to explore the opportunity for SEDFA to partner with IDC on the R3 billion innovation fund as per the entity's mandate to capacitate and lend to intermediaries. Borrowing will form part of the entity's longer-term funding model and strategy.

1.2.3. Reflection on Seda's Past Performance

Seda was established in 2004 through an amendment to the NSEA, as an agency under the **dtic**, and later transferred to the DSBD.

The table below shows Seda's performance of the MTSF 2019-2024 period in relation to the outcomes of its five-year strategic plan and the targets of the Minister's performance agreement.

Table 8: MTSF 2019-2024 and Minister's performance agreement

Intervention	Indicator	Baseline	Target	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Facilitate the increase in number of competitive small businesses with a focus on township and rural economies	Number of competitive small businesses and co-operatives supported	New indicator	100,000	2,114	4,438	11,151	11,721	3,752	33,176
SMME development through incubation	Number of incubation centres	73	100	96	104	110	110	110	110

Small Enterprise Development Finance Agency (SEDFA): Annual Performance Plan for 2025–2026

Intervention	Indicator	Baseline	Target	2019/20	2020/21	2021/22	2022/23	2023/24	Total
centres and digital hubs	and digital hubs established								
Explore the introduction of measures to support the establishment of new, youth-owned start-ups	Number of youth business start-ups supported	New indicator	10,000 per year	2,500	3,689	4,309	9,094	8,711	28,303
Facilitate the increase in number of competitive small businesses with a focus on township and rural economies	Township and Rural Entrepreneurship Programme implemented	New indicator	100,000	12,074	15,678	31,457	21,802	23,549	103,840

Seda's contribution to the Revised MTSF 2019-2024 (Seda specific targets), for the period 2019/20 – 2023/24:

Table 9: Seda's contribution to the Revised MTSF 2019-2024

Intervention	Indicator	MTSF Target	*Actual	Annual Performance
Facilitate an increase in the number of competitive small businesses, with a focus on township economies and rural development	Number of SMMEs receiving business development support	260,000	585,377	2019/20: 77,809 2020/21: 49,126 2021/22: 178,369 2022/23: 106,230 2023/24: 94,584
	Number of entrepreneurs trained on business development		506,118	2019/20: 11,318 2020/21: 2,845 2021/22: 4,692 2022/23: 22,088 2023/24: 24,329
	Number of SMMEs participating in export markets and development	35,731	13,987	2019/20: 585 2020/21: 4,694 2021/22: 3,103 2022/23: 2,559 2023/24: 3,046
SMMEs development through incubation centres and digital hubs	Increase the number of incubators, centres for entrepreneurship and rapid incubation and digital hubs to 270, prioritised in rural and township areas	270	110	2019/20: 28 2020/21: 101 2021/22: 101 2022/23: 110 2023/24: 110
Transformative, representative, and inclusive economy that prioritises women, youth, and PWDs	Women (40.0%) – Number of women accessing business development support	104,000	131,145	2019/20: 8,096 2020/21: 11,170 2021/22: 31,636 2022/23: 32,510

Small Enterprise Development Finance Agency (SEDFA): Annual Performance Plan for 2025–2026

Intervention	Indicator	MTSF Target	*Actual	Annual Performance
	Youth (30.0%) – Number of young entrepreneurs accessing business development support	78,000	98,887	2023/24: 47,733 2019/20: 8,741 2020/21: 6,925 2021/22: 23,964 2022/23: 26,843 2023/24: 32,414
	PWDs (7.0%) – Number of PWDs accessing business development support	18,200	7,242	2019/20: 249 2020/21: 223 2021/22: 487 2022/23: 1,239 2023/24: 5,044

* Actual for the five-year period, 2019/20 to 2023/24

Performance against key annual performance plan targets is reflected below.

Table 10: Annual performance plan aligned performance

Indicator	MTSF Target	MTSF Aggregate Achievement	2019/20	2020/21	2021/22	2022/23	2023/24
Total SMMEs and co-operatives supported	219,000	498,293	89,113	45,850	185,987	128,286	94,584
Enterprises reached through awareness	75,000	197,626	36,684	8,576	67,029	68,117	30,084
SMMEs and co-operatives supported (excluding TREP)	90,000	213,855	28,173	21,596	87,501	38,367	71,035
TREP	54,000	91,850	12,074	15,678	31,457	21,802	23,549
Incubators supported	100	110	96	104	110	110	110
Jobs created	18,000	22,195	6,709	2,292	5,176	5,433	5,332
Jobs sustained	30,000	58,214	22,230	8,283	8,584	12,541	10,364
Turnover increase	R1.5 billion	R3.49 billion	R2.1 billion	R1.1 billion	R289 million	Not measured	Not measured
Number of SMMEs and co-operatives whose turnover has increased by 5.0% per annum	Not measured	Not measured	Not measured	Not measured	Not measured	2,683	1,428

All cumulative targets for the 2020-2025 strategic planning period, to date, have been achieved, except for targets relating to supporting enterprises owned by persons with disabilities.

Seda, through its network of service access points, remains committed to delivering business development services in underserved areas, addressing critical needs in these communities. By the end of Q2 2024/25, the total number of active access points stood at 61.

In preparation for the merger, collaboration between Seda and **sefa** has been actively pursued at the provincial level, with ongoing engagements between provincial Seda offices and their respective **sefa** regional offices to enhance service integration and support delivery. As of 30 September 2024, collaboration between Seda and **sefa** resulted in 171 applications referred to **sefa** during the 2024/25 financial year, with 39 approved (valued at R25.39 million), 103 in progress (valued at R157.72 million), and 29 rejected (valued at R13.33 million). The total value of all referred applications amounts to R196.44 million.

Table 11: Seda / sefa collaboration as of 30 September 2024

	2024/25 FINANCIAL YEAR		
sefa Applications	Quarter 1	Quarter 2	Year-To-Date
Number of applications approved	7	32	39
Number of applications in progress	49	54	103
Number of unsuccessful / rejected applications	5	24	29
Total applications referred to sefa	61	110	171
Total value of applications Approved	R 5 040 011,50	R20 353 668,07	R 25 393 679,57
Total value of applications in progress	R 91 379 744,48	R 66 339 212,00	R157 718 956,48
Total value of unsuccessful / rejected applications	R 1 877 000,00	R 11 451 613,77	R 13 328 613,77
Total value of applications referred to sefa	R 98 296 755,98	R 98 144 493,84	R196 441 249,82

The Co-operative Development Support Programme provides grants to co-operatives for purchasing equipment, stock, vehicles, or infrastructure, with 93 applications approved from the 2023/24 financial year to the second quarter of FY2024/25, totalling R76.8 million, and 165 purchase orders issued worth R64.5 million. Similarly, the Asset Assist Programme supports small enterprises with equipment and working capital, having approved 945 applications valued at R196.8 million over the same period and issuing 599 purchase orders worth R98 million, and making payments on 332 orders totalling R48.4 million.

The Supplier Development Programme is a key driver of Seda's strategic partnership with the private sector, facilitating market access opportunities through collaborative initiatives. Among other key Enterprise Supplier Development (ESD) programme initiatives Seda was awaiting a list of relevant small enterprises from the Department of Agriculture and Land Reform and feedback from DSBD on 17 beneficiaries submitted to the SPUR Group at the time of developing this APP for the 2025/26 financial

year. It is envisaged that SEDFA will also pursue ESD and Access to Market initiatives in partnership with internal and external stakeholders in the upcoming financial year.

Seda, in partnership with Productivity South Africa, is implementing productivity improvement interventions for small enterprises, with three projects planned for 2024/2025. The first project, underway in Butterworth, Eastern Cape, had trained 34 MSMEs on Lean Principles as at 30 September 2024, focusing on both theoretical insights and practical application to enhance business outcomes.

1.2.4. Reflection on CBDA's Past Performance

The table below reflects progress against the 2020-2025 Strategic Plan outcome on facilitating increased access to financial services by communities to ensure economic transformation.

Table 12: Progress against the 2020-2025 capacity building strategic outcome

Outcome	Outcome Indicator	Baseline (February 2019)	Five-Year Target	Status as at February 2024	Status as at February 2024	Progress Towards Five-Year Target
Facilitate increased access to financial services by communities to ensure economic transformation	Increase in co-operative banking membership	27,490	100% increase to 54,980	30,924	17,889*	33%
	Percentage increase in members' deposits	R294.4 million	50% increase to R441.6 million	R515 million	R594 million	R150 million (exceeded target by 33%)
	Number of registered CBIs by Prudential Authority	26	30	28	30	Target achieved

* Some CBIs had not submitted their Q4 returns to the Prudential Authority by the time its annual report was published. A CBDA verification exercise of sector membership revealed that 30,123 Q4 returns were submitted to the Prudential Authority past the due date. At the time of publication of the annual report, the CBDA had not received membership figures from one of the three entities that did not submit their Q4 returns to the Prudential Authority on time. As such, their numbers are excluded from the report.

The CBDA was established as a schedule 3A public entity in 2010. The agency is mandated to supervise, regulate, and support CFIs.

Transformation and financial inclusion:

Pillar 3 of the “Inclusive Financial Sector for All” (leveraging a more diversified provider and distribution base) highlights Priority 13 of the policy framework, which is to strengthen financial co-operatives and the **development of CBIs as preferred financial intermediaries for individuals and small enterprises**. This is further articulated in the draft SMME and Co-operatives Funding Policy, which places CBIs at the centre of financing SMMEs and co-operatives.

The policy intends to have a transformed and sustainable small enterprises sector that contributes meaningfully to economic growth, job creation, poverty alleviation, and reducing inequality. CBIs extend access to finance by means of being self-help, member-driven entities that operate within communities with a common bond. The Co-operative Banking Sector Strategic Options Paper, developed by the World

Bank, highlights that members prefer their CBIs for financial assistance, which includes personal and business loans.

The Financial Inclusion Policy Framework emanated from the conclusion of the second phase of the World Bank's South Africa Financial Sector Development and Reform Programme (FSDRP II) in August 2023. The first phase, which began in 2014 and concluded in 2018, supported the introduction of the Financial Sector Regulation Bill, which is now legislated as the Financial Sector Regulation Act (2017). The overall objective of the FSDRP II is to support government in strengthening financial stability and improving financial inclusion through analytical and advisory services, focusing on implementation support. FSDRP II has three primary, interlinked pillars that focus on:



Strengthening resilience and integrity in the financial sector / Financing the poor and vulnerable / Financing SMMEs.

The imminent establishment of a National Secondary Co-operative Bank rests on the third pillar. The bank's purpose will be to diversify the distribution base of the financial sector. To this end, the World Bank has appointed a local resident advisor to assist with establishing the National Secondary Co-operative Bank. In essence, the merger, along with the legislative amendments and corresponding policy framework and the FSDRP II, aim to strengthen and further the CBDA's core mandate to support the co-operative banking sector. Ultimately, these efforts are made to nurture and secure a part of the banking and finance sector that is integral to inclusive socioeconomic development.

The legacy aim of the CBDA was to contribute to an inclusive economy by promoting efficiency, equity, growth, stability, and the wellbeing of communities. By 30 September 2024, the CBDA exceeded its annual target with 12 outreach and education activities on the CBI model and established 27 partnerships and stakeholder relationships against a target of 8. Training initiatives included the "Coop-Bank-In-A-Box" programme to standardise CBI data for integration into the Power BI tool, supported by Banking Sector Education and Training Authority and CBU funds, and Financial Intelligence Act training, delivered virtually by the Financial Intelligence Centre at no cost.

1.3. SWOT Analysis

Table 13: SEDFA SWOT Analysis

 STRENGTHS	 WEAKNESSES
<ul style="list-style-type: none"> ▪ Integrated services: The merger streamlines support, offering a one-stop-shop for small businesses, improving service delivery and accessibility. ▪ Resource pooling: Consolidated funding, reduced duplication, and skilled personnel enhance capacity and operational effectiveness. ▪ Combined expertise: Leveraging experience from the previous individual entities supports a smooth transition and strong foundation for the new entity. 	<ul style="list-style-type: none"> ▪ Communication gaps: Lack of effective internal and external communication limits awareness of SEDFA's role and value, reducing its outreach and stakeholder engagement. ▪ Low trust and credibility: Reputation challenges due to market perceptions of favouritism, slow turnaround times, and broader negative views of government entities. ▪ Leadership uncertainty: Uncertainty around leadership post-merger creates challenges in establishing clear direction and unity within the organisation.

S

STRENGTHS

- **Clear mandate:** Backed by the NSEAA, SEDFA has expanded powers and a strong mandate to play a lead implementation role in NISED and other sector policies aimed at supporting small business growth.
- **Broad support:** Strong political backing and consensus from social partners emphasise small business development as a key economic driver.
- **Access to comprehensive support services:** SEDFA provides and mobilises access for all small enterprises and service providers to a wide range of financial and non-financial products and services.

W

WEAKNESSES

- **Complex transition process:** The integration of different entities with varying cultures and processes makes the transition complex. It may slow down decision-making and affect morale.
- **Technological limitations:** SEDFA's current technological infrastructure is inadequate, limiting its capabilities for efficient service delivery, which is a key requirement for the new entity.
- **Change resistance:** Resistance to organisational change and the absence of an effective change management plan could slow down progress and create internal friction.
- **Insufficient funding:** Given the scale of unemployment and poverty challenges in the country, available funding is insufficient to meet the NDP targets of job creation through small enterprises.

O

OPPORTUNITIES

- **Lead ecosystem coordination:** Position SEDFA as the central hub for value creation, driving co-creation and partnerships that enhance the small enterprise ecosystem.
- **Master case management:** Provide appropriate support by tracking entrepreneur progress, offering tailored interventions, and building stronger client relationships.
- **Leverage technology:** Invest in mobile apps, digital platforms, and fintech solutions to improve service efficiency, reduce turnaround times, and expand market access, including through e-commerce.
- **Leverage South Africa's 2025 G20 Presidency:** As a strategic platform to showcase the country's economic potential, foster international collaboration, and attract significant investment opportunities through targeted engagement and global visibility.
- **Leverage the DDM to maximise the SEDFA impact:** Targeted approach to expand the

T

THREATS

- **Merger delays:** Prolonged delays have caused employee loss and reputational damage, undermining trust and operational efficiency.
- **Political pressure versus collaboration:** Conflicting political drives for insourcing and the need for partnerships threaten ecosystem collaboration.
- **Sustainability of financial intermediaries:** Uncertainty over the balance between direct and indirect lending may jeopardise their long-term viability.
- **Reputational risk:** Inability to meet expectations in product delivery, service quality, and turnaround times could harm SEDFA's reputation.
- **Policy-resource mismatch:** Government expectations exceed available resources, leading to a disconnect between policy goals and actual outcomes.

O

OPPORTUNITIES

incubator programme and other key initiatives to ensure positive outcomes for small enterprises.

- **Expand reach and sector masterplans:** Implement high-impact projects within sector masterplans to drive innovation and meet strategic goals.
- **Improve funding access:** Enhance access to capital through resource fund raising strategies, tapping into international funding and development aid. SEDFA is to establish an integrated fundraising / resource mobilisation strategy for effective fundraising and investment management (by leveraging strategic partnerships).
- **Elevate credit guarantees:** Elevate credit guarantees as a unique offering in the DFI space to attract financial institutions and enhance market access.
- **Promote financial inclusion:** Provide rural and underserved communities with access to finance through CBIs and a secondary co-operative bank with digital platforms.
- **Shared infrastructure for lower costs:** Develop shared infrastructure to reduce access costs, enabling wider support for small enterprises and co-operatives.

T

THREATS

- **Regulatory burden:** Excessive compliance and reporting requirements may hinder core operations and slow progress.
- **Fiscal constraints:** Limited funding and high pressure to deliver economic outcomes create significant operational challenges, and the need for resource mobilisation and partnerships.
- **Survival rate of small enterprises:** High failure rates among small enterprises could impact SEDFA's ability to achieve its mission.
- **Moral hazard:** Risk of making poor lending decisions or tolerating non-repayment could lead to long-term financial instability.
- **Public perception of grants and loans:** Confusion around SEDFA's blend of grants and loans requires clearer communication to mitigate reputational risks.

1.3.1. Building SEDFA's Internal Capacity and Capabilities

Integrated Service Delivery Model:

SEDFA will deliver its services through a portfolio of products and services using the small enterprises ecosystem by offering efficient and effective business advice, business development services, investment (financial) support, business facilitation, and incubation services.

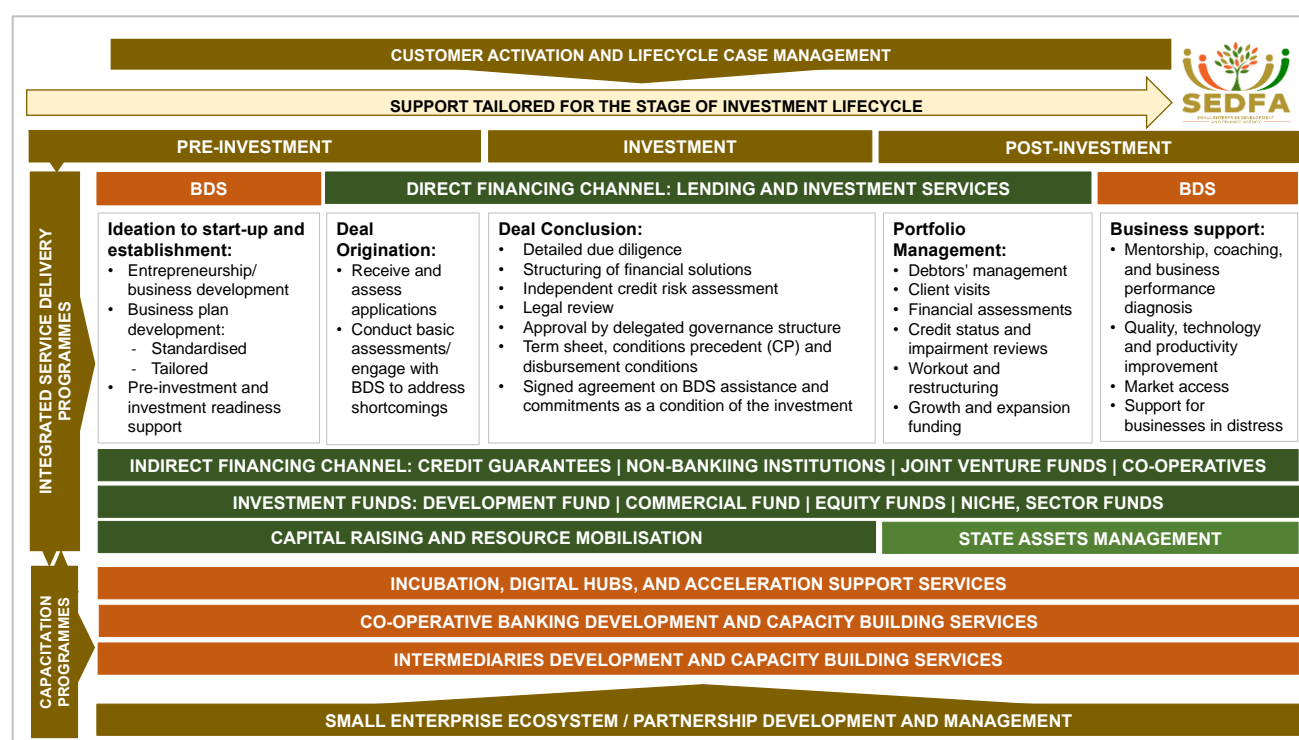
The Service Delivery Model places the customer at the centre and acts on three levels: customer, institution, and system. The principle of customer-centricity is fundamental as it aligns service provision to the entrepreneurial journey and recognises that business needs at each life stage differ significantly. Central to the service provision is the principle of a single point of access to business support, irrespective of location or medium.

The merged entity will offer three primary service lines, with appropriate insulation and safeguards being maintained between the BDS and Finance Services (FS) value chains:

- 1) Customer Activation and Management Services
- 2) Business Development (Non-financial) Services
- 3) Lending and Investment (Financial) Services

The Integrated Service Delivery Model linked to the investment stages of pre-investment, investment, and post-investment is illustrated in the figure below. It shows the overlaps between BDS and FS (Lending and Investment) in the pre- and post-investment stages, and the intention to ensure the provision of funding is “strapped in” with business development services, which are critical for integrating service delivery, managing credit risk, and supporting the sustainability of both the supported enterprise and SEDFA.

Figure 16: SEDFA Integrated Service Delivery Model



Key elements of the integrated service delivery model:

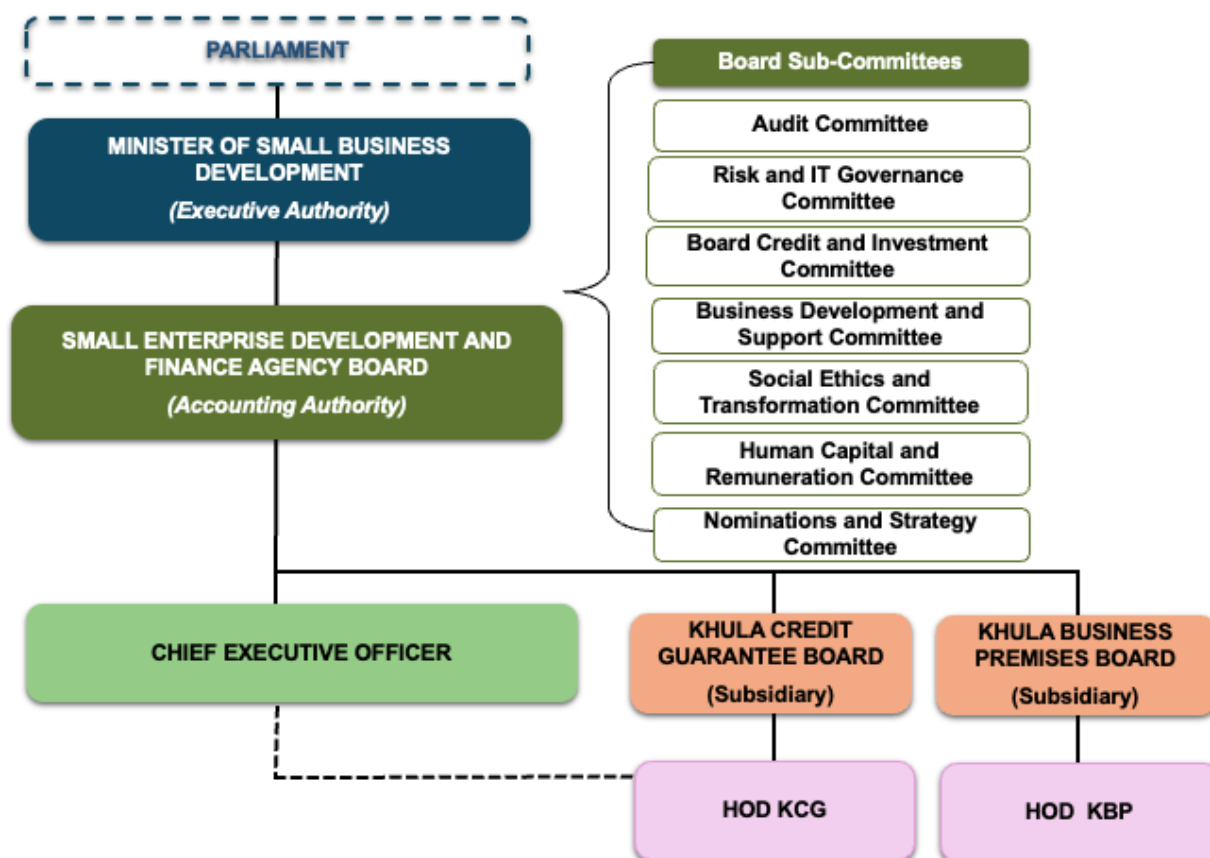
- 1) Targeted service delivery programmes will be designed for integrated and collaborative delivery across all investment stages, including the NISED game changers.
- 2) Customised capacity-building programmes, encompassing both financial and non-financial support, will be developed to enhance the capabilities of CBIs, BDS, financial intermediaries, and incubators as critical ecosystem stakeholders:
 - a) In alignment with the Co-operative Banks Act, the Financial Inclusion Policy, the SMME and Co-operatives Funding Policy, and the Co-operatives Banking Sector Development Strategy, CBIs will be supported and empowered to play a pivotal role as community-based financial intermediaries within the small enterprise development ecosystem.
 - b) BDS providers and non-banking financial intermediaries will receive capacity-building support to enhance their service delivery.

- c) Incubators will be strengthened and capacitated in line with the sector-specific IBDS Policy.
- 3) Lending and investment (financing services) will be delivered through a combination of direct and indirect financing channels to maximise market reach and impact.
- 4) The credit guarantee mechanism will be enhanced and positioned as a transformative tool, significantly increasing access to credit for small enterprises through an extensive network of banking and non-banking credit providers.
- 5) Two primary funds will be established:
 - a) A Development Fund to drive sector-specific growth.
 - b) A Commercial Fund to stimulate output growth across industries.
- 6) A dedicated focus will be placed on capital raising and resource mobilisation to ensure financial sustainability and expanded support capabilities.
- 7) State assets will be optimised through a property strategy aimed at enhancing operational efficiency. Only commercially viable properties will be retained in the medium to long term, with a positive Net Operating Income (NOI) anticipated within the next five years.
- 8) Crucially, the ecosystem will be unified and enhanced through an advanced District Ecosystem Facilitation Model and a digital platform, ensuring streamlined coordination and improved service accessibility.

SEDFA governance arrangement and core business functions:

The figure below reflects the governance structure of SEDFA as outlined in the NSEAA, and in line with good corporate governance practices.

Figure 17: SEDFA corporate governance structure



Reflected in the figure below are the key functions informing the organisational structure and areas for capacitation of the entity.

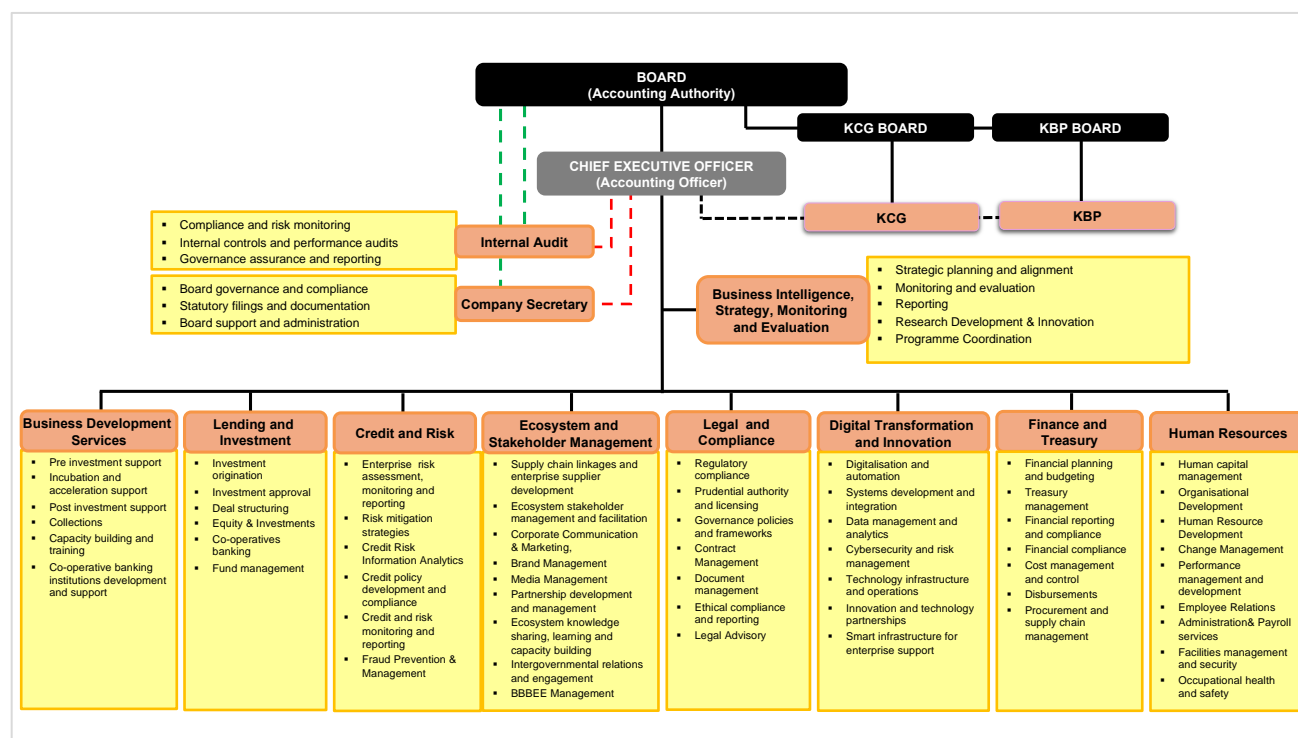
Figure 18: SEDFA core and support functions



Approved functional structure:

The following functional structure has been approved by the board of directors:

Figure 19: SEDFA functional design

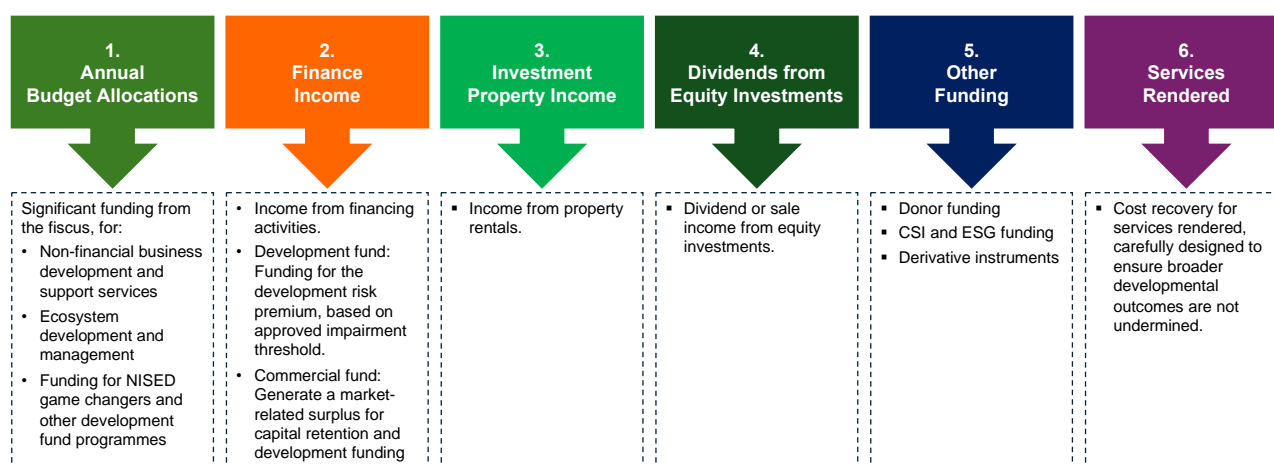


Notes:

- 1) BDS and Lending and Investment are clearly delineated as critical core functions, with key activities such as pre-investment support, loan origination, and capacity articulated.
- 2) Credit and Risk is positioned separately, which is critical to ensure strong risk management, portfolio health, and compliance with financial regulations.
- 3) The inclusion of marketing, branding, and external communications under the Ecosystem Executive ensures that external engagement is focused on ecosystem support. Partnership development and market access are highlighted, which are essential for small enterprises.
- 4) The detailed mention of Prudential Authority and licensing adds clarity around regulatory compliance, particularly for financial operations.
- 5) The contract management and ethical compliance functions are necessary for ensuring transparency and adherence to governance standards.
- 6) This Digital Transformation and Innovation Function is future focused with key areas, such as digitalisation, systems integration, and smart infrastructure, well-placed to support small enterprises. The emphasis on cybersecurity reflects the importance of protecting the digital infrastructure in the 4IR context.
- 7) A comprehensive scope covering financial planning, treasury management, and supply chain management, ensuring strong financial governance and operational support for the organisation.
- 8) Focus on internal communications, human capital management, and facilities management for a strong internal operational foundation.
- 9) The development and support of CBIs is positioned as a sub-programme within BDS, providing direct non-financial support while also facilitating financial support through Lending and Investment.

SEDFA funding sources:

Funding will comprise a mix of capitalisation, annual budget transfers, strategic investment income, various alternative sources of funding, fund management fees, and property income as shown in the figure below.

Figure 20: SEDFA sources of funding

SEDFA value creation and sustainability model:

SEDFA's model for value creation and sustainability is underpinned by three strategic levers:

1) The ability to achieve institutional sustainability:

The hybrid financial and non-financial services model comprises two components:

- a) **Trading activities (DFI – lending / credit guarantees business)** – must be self-sustainable through own revenue generation, with a cost to income ratio <1 . Upon capitalisation, ideally, there should not be a MTEF budget allocation, except for targeted grants and incentives provided by the state to support blended finance instruments. Managing or funding the impairment risk is imperative and resourcing is funded through the revenue generated by the Lending Function.

In developing the integrated strategy and portfolio of products and services, SEDFA will seek to establish a 'Development Fund' and a 'Commercial Fund', with different pricing and thresholds for impairment. Combined, the lending business needs to demonstrate the ability to be self-sustainable.

- b) **Non-trading activities (DA – business development services), including grant-related activities** – must be fully funded, with some income generated from grant management fees. Unspent grants are potentially 'swept' by National Treasury on an annual basis. The MTEF budget allocation (Revenue Fund) is the key but not the only funding source, e.g., donations.

Importantly, as laid out in the NSEAA: "Any appropriation of funds, prior to them being distributed, must specify the criteria for the use of funds and whether the funds are to be used for financial or non-financial support services. The procedures to be followed when granting or not granting financial or non-financial support by the agency must allow for the review of that decision."

2) The ability to achieve and maintain funding sustainability:

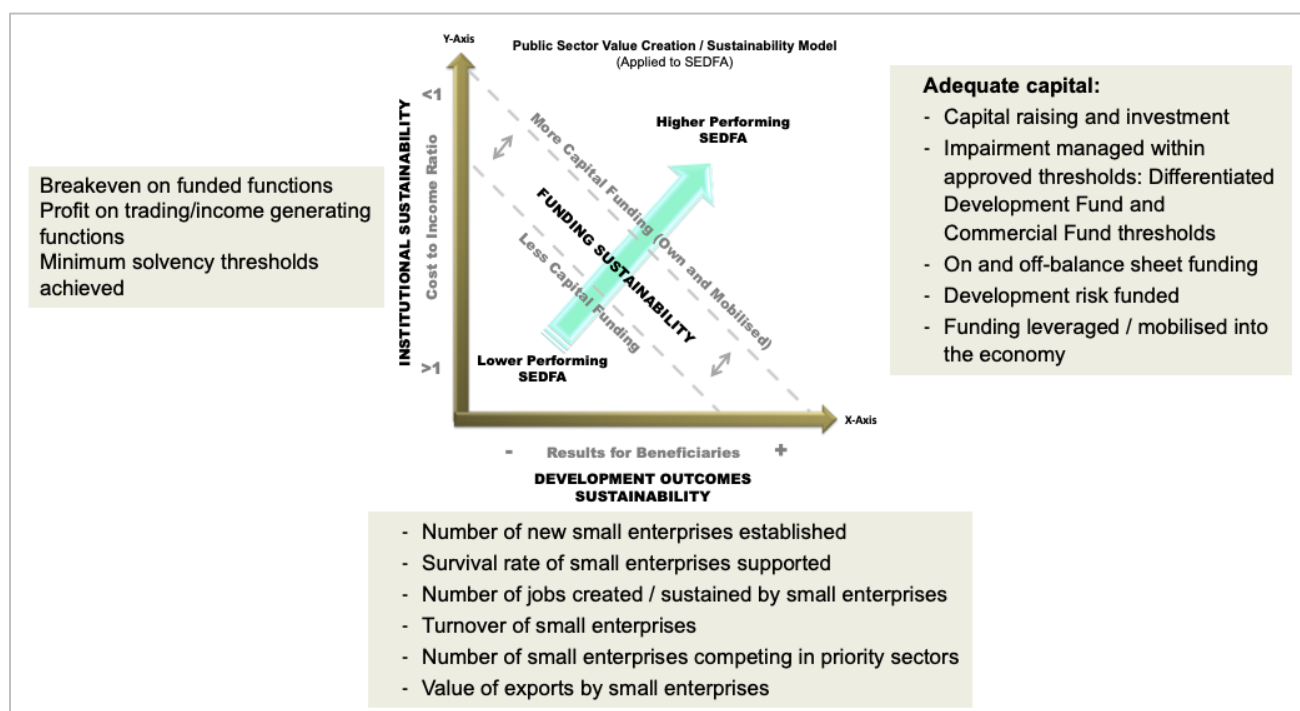
The ability of SEDFA to secure, retain, and grow the capital asset base and principal capital available for lending through various channels, leveraging risk capital, and special purpose vehicles (public private partnerships and subsidiaries). Lending activities are determined by the level of capitalisation and the ability to manage impairment rates. The ability to go-to-market for capital raising is imperative once the agency has demonstrated its capabilities as a trusted steward of capital. To support capitalisation and fund raising, a dedicated programme will be introduced to raise capital from various potential sources.

3) The ability to produce results for beneficiaries – development outcomes sustainability:

The above levers must lead to the achievement of SEDFA's mandate, and the achievement developmental outcome targets related to small enterprise sector growth, sustainability, and job creation.

The level of performance and institutional sustainability are both influenced by the cross-cutting funding sustainability lever. The more capital raised and retained, the higher the agency's overall performance in terms of achieving development and institutional sustainability outcomes.

Figure 21: SEDFA value creation / sustainability model



The strategic pillars, balanced scorecard, and the above sustainability model have been used to develop SEDFA's results-based management plan, presented in Part C below.

PART C: MEASURING OUR PERFORMANCE

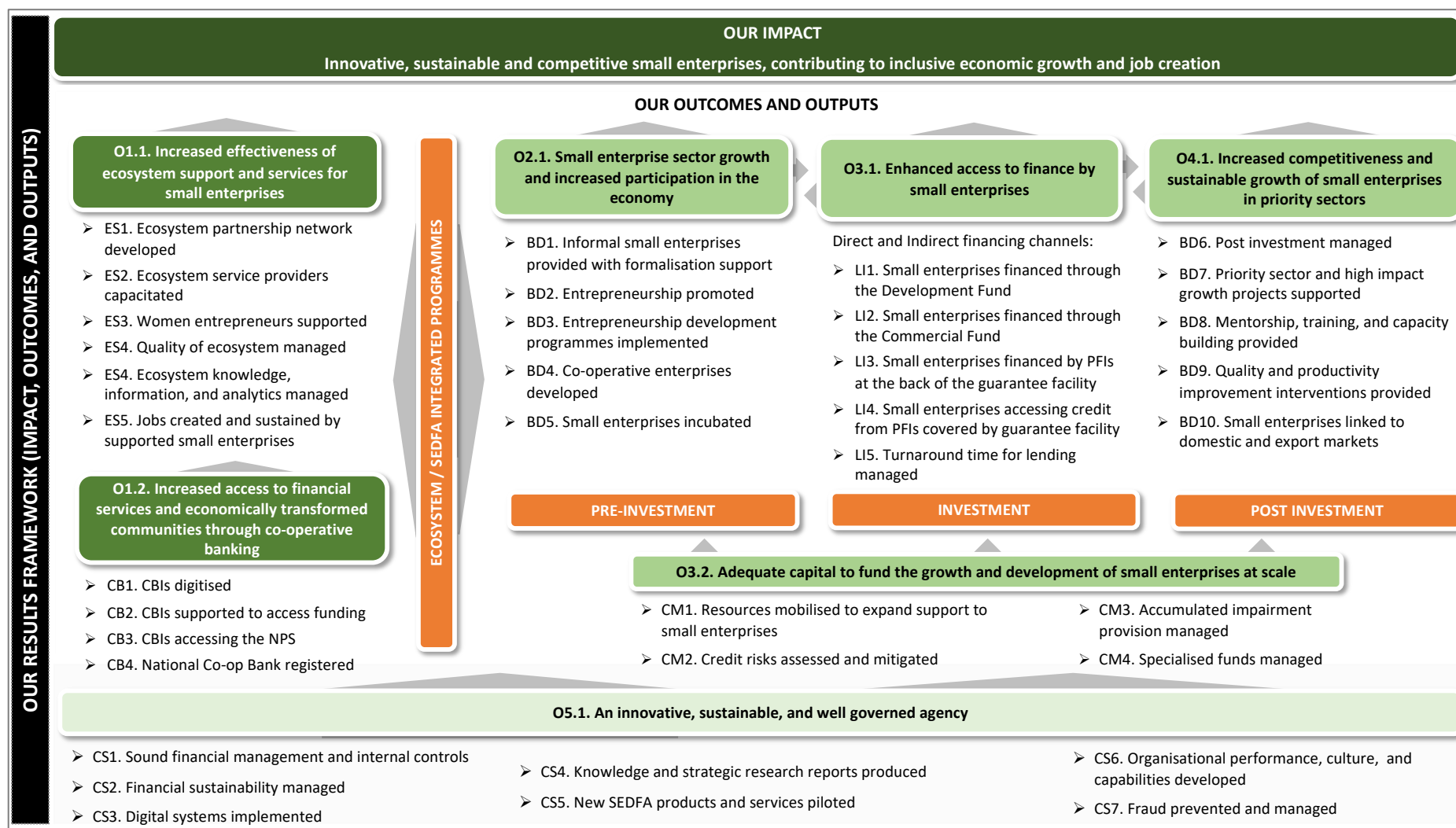
Aligned with legislative and policy mandates, SEDFA’s Strategic Plan for 2025–2030 defines its impact statement as follows:

OUR IMPACT

Innovative, sustainable, and competitive small enterprises, contributing to inclusive economic growth and job creation

The strategic plan outlines the outcomes for the five-year period, aligned with the MTDP 2024–2029, the NISED Strategic Framework, and other key policies detailed in Part A. As illustrated in the figure below, these outcomes guide the outputs of the 2025/26 APP, marking the first year of implementing the five-year strategy.

Figure 22: SEDFA Results Framework (Impact, Outcomes, and Outputs)



1. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

This 2025/26 Annual Performance Plan is packaged in terms of the following programmes aligned to the five-year strategic plan and the approved SEDFA functional structure.

Programme	Purpose	Strategic Outcome	Business Functions
1. Ecosystem Development and Management	To lead and coordinate a unified small enterprise development ecosystem, enhancing accessibility and impact through strategic partnerships, integration, and alignment with district development priorities.	Outcome 1.1: Increased effectiveness of ecosystem support and services for small enterprises	<ul style="list-style-type: none"> ▪ Ecosystem Stakeholder Management and Marketing ▪ Business Development Services ▪ Lending and Investment
2. Business Development Services <i>(Development Agency function)</i>	To facilitate financial inclusion and drive economic transformation in underserved communities by strengthening CBIs as accessible, community-focused financial service providers.	Outcome 1.2: Increased access to financial services and economically transformed communities through co-operative banking	Business Development Services / Co-operative Banking Promotion and Advancement
	To provide tailored, efficient, and sector-specific non-financial support that drives sector growth, sustainability, and the success of small enterprises, prioritising township and rural-based enterprises, and enterprises owned by women, youth, and persons with disabilities.	Outcome 2.1: Small enterprise sector growth and increased participation in the economy	Business Development Services / Pre-investment Support
		Outcome 4.1: Increased competitiveness and sustainable growth of small enterprises in priority sectors	Business Development Services / Post-investment Support
3. Lending and Investment Management <i>(DFI function)</i>	To enhance financial access for small enterprises through a dual developmental and commercial approach, delivering tailored financing solutions via direct and indirect channels to maximise development impact and sustainability.	Outcome 3.2: Enhanced access to finance by small enterprises	<ul style="list-style-type: none"> ▪ Lending and Investment ▪ Khula Credit Guarantee

Programme	Purpose	Strategic Outcome	Business Functions
4. Capital Management <i>(Capital raising and retention, quality of book, organisation cost structure)</i>	To secure capital availability through capital raising and resource mobilisation, maintaining a quality loan book, and optimising SEDFA's cost structure to balance developmental impact and financial sustainability.	Outcome 3.1: Adequate capital to fund the growth and development of small enterprises at scale	<ul style="list-style-type: none"> ▪ Lending and Investment ▪ Credit Risk
5. Corporate Support Services (Administration)	To build a high-performance, capable workforce supported by advanced technology, infrastructure, human capital, and financial resources to sustainably lead the small enterprise ecosystem.	Outcome 5.1: An innovative, sustainable, and well governed agency	<ul style="list-style-type: none"> ▪ Finance and Treasury ▪ Digital Transformation and Innovation ▪ Human Resources ▪ Enterprise Risk Management ▪ Legal and Compliance ▪ Business Intelligence, Strategy, Monitoring and Evaluation ▪ Khula Business Premises

1.1. Programme 1: Ecosystem Development and Management

1.1.1. Purpose

The purpose of the programme is to position SEDFA as the industry leader and the central coordinating entity within the small enterprise development ecosystem. SEDFA will drive improved accessibility, efficiency, and impact by forging strategic partnerships, facilitating ecosystem integration, and promoting co-creation among key stakeholders in alignment with national government priorities.

By implementing a cohesive, accessible service network, underpinned by a one-stop-shop model and an omnichannel approach, SEDFA aims to streamline service delivery, eliminate duplication of efforts, and ensure that entrepreneurs and small enterprises receive seamless, high-quality support across all regions, including underserved and rural communities. The overarching goal is to enhance the effectiveness and responsiveness of South Africa's small enterprise support ecosystem, ensuring that small enterprises can access financial and non-financial assistance with greater ease and efficiency.

The table below reflects the programme's contribution to the outcomes of SEDFA's 2025-2030 Strategic Plan, as well as the business functions responsible for delivering the outcomes.

Outcome	Business Function	Sub-Functions
Outcome 1.1: Increased effectiveness of ecosystem support and services for small enterprises	Ecosystem, Stakeholder Management, and Marketing	<ul style="list-style-type: none"> ▪ Ecosystem Management: <ul style="list-style-type: none"> ○ Management of a Central Technology Platform ▪ Stakeholder Management and Partnership Development ▪ Business Development and Customer Support (Intergovernmental Relations and Engagement) ▪ Women Entrepreneurship and Support Programmes ▪ Corporate Communication and Marketing ▪ B-BBEE Management and Verification ▪ Media Management ▪ Ecosystem Knowledge Sharing, Learning and Performance Reporting ▪ Intermediaries Capacity Building

The FY2025/26 programme performance plan is reflected in the log frame tables below.

1.1.2. Outcomes, Outputs, Output Indicators, and Targets

Ecosystem, Stakeholder Management, and Marketing

Outcome	Output	Output Indicator	Audited Performance*			Estimated Performance**	MTEF Targets		
			2021/22	2022/23	2023/24		2025/26	2026/27	2027/28
Outcome 1.1: Increased effectiveness of ecosystem support and services for small enterprises	ES1. Ecosystem partnership network developed	ES1.1. Small Enterprise Ecosystem Effectiveness Index (SEEEI)	-	-	-	New indicator	Establishment of the SEEEI baseline	10% improvement in the SEEEI	15% improvement in the SEEEI
	ES1. Ecosystem partnership network developed	ES1.2. Number of registered ecosystem partners onboarded annually	-	-	-	New indicator	20	25	30
	ES2. Ecosystem service providers capacitated	ES2.1. Number of intermediaries capacitated	-	-	-	New indicator	100	120	130
	ES3. Women entrepreneurs support	ES3.1. Number of women entrepreneurs supported	-	-	-	New indicator	2 000	2 250	2 500
	ES4. Quality of ecosystem managed	ES4.1. Percentage stakeholder satisfaction with the quality of ecosystem services	-	-	-	New indicator	80%	85%	90%
	ES5. Ecosystem knowledge, information and analytics managed	ES5.1. Percentage of registered ecosystem partners reporting on the Centralised Technology Platform	-	-	-	New indicator	50%	70%	90%
		ES5.2. Number of national spatial maps of ecosystem providers published	-	-	-	New indicator	1	1	1
		ES5.8 Develop and implement Corporate Communication and	-	-	-	New indicator	Develop and implement Corporate	Implement Corporate Communication	ES5.3 Develop and implement Corporate

Small Enterprise Development Finance Agency (SEDFA): Annual Performance Plan for 2025–2026

		Marketing Strategy, including measurement instruments to assess SEDFA's visibility					Communication and Marketing Strategy, including measurement instruments to assess SEDFA's visibility	and Marketing Strategy, including measurement instruments to assess SEDFA's visibility	Communication and Marketing Strategy, including measurement instruments to assess SEDFA's visibility
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* Individual entities pre-merger

** Individual entities pre-merger, Q1&Q2 FY2024/25 + SEDFA post-merger Q3&Q4 FY2024/25

1.1.3. Output Indicators, Annual, and Quarterly Targets

Ecosystem, Stakeholder Management, and Marketing

		Q1 Apr - Jun 2025	Q2 Jul - Sep 2025	Q3 Oct - Dec 2025	Q4 Jan - Mar 2026
ES1.1. Number of registered ecosystem partners onboarded annually	20	5	5	5	5
ES2.1. Number of intermediaries capacitated	100	-	30	40	40
ES3.1. Number of women entrepreneurs supported	2 000	-	750	750	500
ES4.1. Percentage stakeholder satisfaction with the quality of ecosystem services	80%	-	-	-	80%

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		Q1 Apr - Jun 2025	Q2 Jul - Sep 2025	Q3 Oct - Dec 2025	Q4 Jan - Mar 2026
ES5.1. Percentage of registered ecosystem partners reporting on the Centralised Technology Platform	50%	10%	30%	40%	50%
ES5.2. Number of national spatial maps of ecosystem providers published	1	-	-	-	1
ES5.8 Corporate Communication and Marketing	Develop and implement Corporate Communication and Marketing Strategy, including measurement instruments to assess SEDFA's visibility	Develop Corporate Communication and Marketing Strategy, including measurement instruments to assess SEDFA's visibility	Implement Corporate Communication and Marketing Strategy, including measurement instruments to assess SEDFA's visibility	Implement Corporate Communication and Marketing Strategy, including measurement instruments to assess SEDFA's visibility	Implement Corporate Communication and Marketing Strategy, including measurement instruments to assess SEDFA's visibility

1.1.4. Explanation of Planned Performance

Ecosystem, Stakeholder Management, and Marketing

SEDFA Outcome 1.1. Increased effectiveness of ecosystem support and services for small enterprises

Contribution to achieving the intended SEDFA impact:

- As the industry leader and central coordinator of the small enterprise development ecosystem, SEDFA seeks to promote sustainable growth, expand job creation opportunities, and enhance ecosystem resilience by ensuring that all players in the small business development space operate in a harmonised, high-performing environment.

Contribution to MTDP 2024-2029 and national priorities:

MTDP 2024-2029	Priority 1: Drive Inclusive Growth and Job Creation: <ul style="list-style-type: none"> Structural reforms to drive growth and competitiveness: Cutting red tape and streamlining support for small enterprises, entrepreneurs, and co-operatives, especially in townships and villages, to thrive. Economic transformation for a just society: Mainstreaming the rights of women, youth, and persons with disabilities, and ensure the economic inclusion of disadvantaged.
NISED Strategic Framework	Outcome 3: Effective support and services delivered for small enterprise growth, both financial and non-financial: <ul style="list-style-type: none"> Output: Build and promote expanded supply of support to small enterprises. NISED Game Changer: A digital one-stop-shop platform.
IBDS Policy (Draft)	<ul style="list-style-type: none"> Increased participation of small enterprises from underserved areas in IBDS, <i>leading to increased participation in economic activities and narrowing gaps in service delivery.</i> Improved standardisation and quality of IBDS service provision, <i>aligned with global best practice.</i> Improved coordination across government and private sector stakeholders, <i>leading to more cohesive and effective service delivery for small enterprises.</i>
APP outputs to deliver the outcome:	Programmes and initiatives to deliver the outputs:
<ul style="list-style-type: none"> ES1. Ecosystem partnership network developed ES2. Ecosystem service providers capacitated ES3. Women entrepreneurs supported ES4. Quality of ecosystem managed ES5. Ecosystem knowledge, information and analytics managed 	<ul style="list-style-type: none"> District Ecosystem Facilitation Model Ecosystem performance and effectiveness measurement and reporting tool Stakeholder Management Guideline Intermediary Capacity Building Programme Women in Entrepreneurship Partnership Programme (SheTrades, AWIEF, etc.)

Specific priorities related to women, youth, and PWDs:

- Monitor and report on disaggregation of support to disadvantaged groups: 40% women, 30% youth, and 3% persons with disabilities

Specific priorities related to spatial transformation:

- Monitor and report on spatial/geographic disaggregation of ecosystem support: 25% townships, 25% rural, and equitable district distribution.

Key priorities for the planning period:

- 1) Strengthening Intermediary Institutions:
 - a) Enhancing the capacity and effectiveness of business support organisations, incubators, accelerators, and financial institutions to ensure that they provide high-quality services aligned with global best practices.
 - b) Developing partnership frameworks with key institutions to expand service reach, reduce operational inefficiencies, and enhance the sustainability of support programmes.
- 2) Managing a Centralised Technology Platform:
 - a) Establishing a digital portal with AI-driven capabilities to facilitate seamless service delivery, matchmaking between entrepreneurs and support providers, and real-time tracking of ecosystem performance.
 - b) Integrating data analytics, automated advisory services, and digital tools to enhance decision-making, provide tailored business development support, and improve service delivery efficiency.
 - c) Leveraging emerging technologies such as machine learning and blockchain to strengthen transparency, reduce administrative burdens, and improve access to funding and market opportunities.
- 3) Creating a National Map of Service Providers with Defined Standards of Good Practice:
 - a) Developing and maintaining a comprehensive database of ecosystem players, including government agencies, private sector partners, and developmental finance institutions (DFIs), to ensure a coordinated approach to small enterprise support.
 - b) Establishing service quality benchmarks and performance evaluation metrics to drive accountability, enhance service delivery standards, and ensure consistency across different providers.
 - c) Facilitating continuous training and certification programmes for service providers to ensure alignment with global standards of excellence in small enterprise development.
- 4) Supporting Women in Entrepreneurship:
 - a) Partnering with various public, private, and non-governmental organisations to advance women in entrepreneurship. This includes but is not limited to programmes such as SheTrades, Africa Women Innovation and Entrepreneurship Forum (AWIEF), and the Cherie Blair Foundation for Women.

1.1.5. Resource Considerations

Ecosystem, Stakeholder Management, and Marketing: Expenditure Estimates by Economic Classification

Ecosystem and Stakeholder Management	Audited Outcomes			Projected Expenditure	MTEF Expenditure Estimates		
R'000	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Economic Classification							
Compensation of employees	N/A	N/A	N/A	N/A	38 438	24 277	21 772
Goods and services	N/A	N/A	N/A	N/A	69 051	78 081	91 969
Total expenses	-	-	-	-	107 489	102 358	113 741
Capital expenditure	N/A	N/A	N/A	N/A	-	-	-

1.2. Programme 2: Business Development Services

1.2.1. Purpose

The programme is responsible for the efficient and effective delivery of non-financial business development and support services at both pre-investment and post-investment stages of the investment management lifecycle. Pre-investment is focused on client activation management, and ease and speed of access to support services while post-investment is focused on sustainability and growth, managing SEDFA's financial investment, and supporting enterprises in distress.

BDS offers a broad range of services, including incubation support, quality and standards enhancement, asset assistance, co-operative enterprise development, and tailored business training. SEDFA also provides customised solutions, such as marketing materials and business plans, to address specific needs of small enterprises. In response to national disasters, BDS develops bespoke interventions to support affected enterprises.

Collaborating with the Lending team, the BDS unit is integrating non-financial and financial support functions. This alignment prepares clients to become funding-ready and harmonises entrepreneur assessments and diagnostic tools across units, reducing redundant processes and ensuring a seamless client experience.

Furthermore, the units are developing a wholesale funding instrument for incubators, enabling them to on-lend funds to small enterprises. A pilot programme involving 14 incubators is set for 2025/26 to address funding gaps faced by incubatees.

To improve accessibility, BDS is leveraging e-commerce by introducing online enterprise support modules and training, along with digitising the asset assist programme. These initiatives allow clients to apply for services and submit documents online, streamlining processes and eliminating manual submissions.

The programme also reflects SEDFA's commitment to expanding financial inclusion and advancing economic transformation in underserved communities. By supporting the digitisation, capacity building, and regulatory compliance of CBIs, SEDFA aims to strengthen these institutions as accessible, community-focused financial service providers and key intermediaries in small enterprise development.

The table below reflects the programme's contribution to the outcomes of SEDFA's 2025-2030 Strategic Plan, as well as the business functions responsible for delivering the outcomes.

Outcome	Business Function	Sub-Functions
Outcome 2.1: Small enterprise sector growth and increased participation in the economy	Business Development Services	<ul style="list-style-type: none"> Pre-investment Support Incubation and Acceleration Support Post-investment Monitoring and Support Mentorship, Training and Capacity Building
Outcome 4.1: Increased competitiveness and sustainable growth of small enterprises in priority sectors		<ul style="list-style-type: none"> Enterprise Supplier Development and Market Linkages Co-operative Enterprises Support Provincial Services Management
Outcome 1.1: Increased effectiveness of ecosystem support and services for small enterprises		
Outcome 1.2: Increased access to financial services and economically transformed communities through co-operative banking		<ul style="list-style-type: none"> Co-operative Banking Support and Advancement

1.2.2. Sub-Programme: Pre-investment Support

The purpose of the pre-investment stage is to deliver a differentiated, efficient, and responsive entrepreneurship development and enterprise start-up function, enhancing the sustainability and economic participation of formal and informal micro-enterprises and emerging entrepreneurs.

Through a comprehensive suite of business development and support services, the function focuses on promoting entrepreneurship as a viable career alternative, implementing targeted start-up programmes aligned with government policies, and optimising incubators as part of broader sector support.

Priority will be given to the NISED Game Changer – Township and Rural Partnership Programme – and tailored business development support for enterprises in township and rural areas, particularly those led by women, youth, and persons with disabilities. Leveraging a “business-in-a-box” developmental approach, the function emphasises speed, efficiency, and standardisation at the pre-investment stage, ensuring swift, customer-centric support from pre-start-up to growth stages.

The FY2025/26 programme performance plan is reflected in the log frame tables below.

1.2.3. Outcomes, Outputs, Output Indicators, and Targets

Pre-investment Support:

Outcome	Output	Output Indicator	Audited Performance*			Estimated Performance**	MTEF Targets		
			2021/22	2022/23	2023/24		2024/25	2025/26	2026/27
Outcome 2.1 Small enterprise sector growth and increased participation in the economy	BD1. Informal small enterprises provided with formalisation support	BD1.1. Number of informal small enterprises provided with formalisation support	-	-	-	New indicator	10,000	11,000	12,000
	BD2. Entrepreneurship promoted	BD2.1. Number of potential entrepreneurs reached through entrepreneurship awareness and promotion	-	-	New indicator	22,000	45,000	50,000	55,000
	BD3. Entrepreneurship development programmes implemented	BD3.1. Number of township and rural based small enterprises supported with business development	New indicator	21,802	18,000	18,850	20,000	22,000	24,000
		BD3.2. Number of youth-owned small enterprises supported to access funding	-	-	-	New indicator	1,000	1,100	1,200
		BD3.3. Number of small enterprises supported with business development services in urban areas	-	-	New indicator	2,500	3,000	3,500	4,000

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Outcome	Output	Output Indicator	Audited Performance*			Estimated Performance**	MTEF Targets		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	BD4. Co-operative enterprises developed	BD4.1. Number of co-operative enterprises supported with business development	-	New indicator	40	40	50	55	60
	BD5. Small enterprises incubated	BD5.1. Number of small enterprises supported through the incubation programme	2,700	2,500	1,800	2,000	2,200	2,400	2,600
Outcome 1.1: Increased effectiveness of ecosystem support and services for small enterprises	ES5. Jobs created and sustained by supported small enterprises	ES5.1. Number of jobs created by small enterprises supported in the pre-investment stage	3,500	4,000	4,500	4,800 (2,880 60%)	5,300	5,600	6,000
		ES5.2. Number of jobs sustained by small enterprises supported in the pre-investment stage	3,500	6,000	8,000	9,000 (5,400 60%)	10,000	11,000	12,000

* Individual entities pre-merger

** Individual entities pre-merger, Q1&Q2 FY2024/25 + SEDFA post-merger Q3&Q4 FY2024/25

1.2.4. Output Indicators, Annual, and Quarterly Targets

Pre-investment Support:

Small Enterprise Development Finance Agency (SEDFA): Annual Performance Plan for 2025–2026

Output Indicator	2025/26 Annual Target	Quarterly Targets			
		Q1 Apr - Jun 2025	Q2 Jul - Sep 2025	Q3 Oct - Dec 2025	Q4 Jan - Mar 2026
BD1.1. Number of informal small enterprises provided with formalisation support	10,000	2,000	3,000	2,000	3,000
BD2.1. Number of potential entrepreneurs reached through entrepreneurship awareness and promotion	45,000	9000	13,500	9000	13,500
BD3.1. Number of township and rural based small enterprises supported with business development	20,000	4,000	6,000	4,000	6,000
BD3.2. Number of youth-owned small enterprises supported to access funding	10,000	2,000	3,000	2,000	3,00
BD3.3. Number of small enterprises supported with business development services in urban areas	3,000	600	900	600	900
BD4.1. Number of co-operative enterprises supported with business development	45	10	15	10	10
BD5.1. Number of small enterprises supported through the incubation programme	2,200	440	660	440	660
ES5.1. Number of jobs created by small enterprises supported in the pre-investment stage	5,300	1,060	1,590	1,060	1,590
ES5.2. Number of jobs sustained by small enterprises supported in the pre-investment stage	10,000	2,000	3,000	2,000	3,000

1.2.5. Explanation of Planned Performance

Pre-investment Support:

SEDFA Outcome 2.1: Small enterprise sector growth and increased participation in the economy	
Contribution to achieving the intended SEDFA impact:	
Growth in the small enterprise sector and increased survival rates reflect SEDFA's effectiveness in entrepreneurship promotion and development, ensuring business resilience, and increased participation of small enterprises in the economy.	
Contribution to MTDP 2024-2029 and national priorities:	
MTDP 2024-2029	Priority 1: Drive Inclusive Growth and Job Creation: <ul style="list-style-type: none"> Increased employment and work opportunities: <ul style="list-style-type: none"> 273,000 jobs created; 1,606,500 jobs sustained. Enabling environment for investment and improved competitiveness through structural reforms: <ul style="list-style-type: none"> 10% of informal MSMEs provided with formalisation support. 500,000 small enterprises supported financially and non-financially. 50,000 start-up small enterprises supported financially and non-financially. 52 infrastructures roll out to lower the cost of doing business for rural and township Small Enterprises.
NISED Strategic Framework	Outcome 3: Effective support and services delivered for small enterprise growth, both financial and non-financial: <ul style="list-style-type: none"> Output: Delivery of better and targeted support to small enterprise demand needs and encourage entrepreneurship. NISED Game Changer: An enhanced Township and Rural Partnership Programme.
IBDS Policy (Draft)	<ul style="list-style-type: none"> Increased participation of small enterprises from underserved areas in IBDS, <i>leading to increased participation in economic activities and narrowing gaps in service delivery.</i> Targeted, sector-specific IBDS that addresses industry needs and growth stages, <i>leading to faster scaling, improved innovation and greater competitiveness</i>
APP outputs to deliver the outcomes:	
Programmes and initiatives to deliver the outputs:	
<ul style="list-style-type: none"> BD1. Informal small enterprises provided with formalisation support BD2. Entrepreneurship promoted BD3. Entrepreneurship development programmes implemented BD4. Co-operative enterprises developed 	<ul style="list-style-type: none"> Enhanced township and rural partnership programme (Shared with Lending/Investment) Youth support programme Incubation support programme Co-operative development and support programme (CDSP)

<ul style="list-style-type: none"> ▪ BD5. Small enterprises incubated ▪ ES5. Jobs created and sustained by supported small enterprises 	
Specific priorities related to women, youth, and PWDs:	
Targeted disaggregation of non-financial support to small enterprises owned by disadvantaged groups:	
<ul style="list-style-type: none"> ▪ 45% women-owned, 30% youth-owned, and 2% persons with disabilities owned 	
Specific priorities related to spatial transformation	
<ul style="list-style-type: none"> ▪ 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions. 	

1.2.6. Sub-Programme: Post-investment Support

The purpose of the post-investment stage is to drive competitiveness, resilience, and sustainable growth in South Africa's small enterprise sector. The focus is on supporting viable SMEs in prioritised sectors, enhancing growth potential through targeted value chain interventions, innovation promotion, and entrepreneurship development, particularly for youth in technology-driven industries.

Through coordinated project packaging, feasibility studies, and bankable business plans, the intention is to accelerate market access and localisation opportunities for high-impact projects. Ensuring the effectiveness of support provided by incubators, accelerators, and digital hubs will strengthen the small enterprise ecosystem, while linkages with large enterprise supplier development programmes and restructuring support for distressed businesses will enhance sustainable growth and job creation.

Post-investment monitoring is a key function of the programme, aimed at ensuring sustainability through effective loan portfolio oversight, workouts for enterprises in distress, and growth financing for expansion-ready enterprises.

The FY2025/26 programme performance plan is reflected in the log frame tables below.

1.2.7. Outcomes, Outputs, Output Indicators, and Targets

Post-investment Support:

Outcome	Output	Output Indicator	Audited Performance*			Estimated Performance**	MTEF Targets		
			2021/22	2022/23	2023/24		2024/25	2025/26	2026/27
Outcome 4. Increased competitiveness and sustainable growth of small enterprises in priority sectors	BD6. Post investment managed	BD6.1. Percentage collection rate (all-in-cash collections)	85%	87%	85%	85%	85%	87.5%	90%
	BD7. Priority sector and high impact growth projects supported	BD7.1. Number of priority sector clients supported	-	-	New indicator	100	110	115	120
	BD8. Mentorship, training, and capacity building provided	BD8.1. Number of clients supported with training, mentorship and coaching	-	-	New indicator	21,000	22,000	23,000	24,000
	BD9. Quality and productivity improvement interventions provided	BD9.1. Number of clients supported with quality improvement interventions	-	-	New indicator	40 (Pre-investment 60% technology programme)	250	375	500
		BD9.2. Number of clients supported with productivity improvement interventions	-	-	New indicator	40 (Pre-investment 60% technology programme)	250	375	500
	BD10. Small enterprises linked to domestic and export markets	BD10.1. Number of small enterprises supported with local market readiness interventions	-	-	New indicator	300	330	350	400
		BD10.2. Number of small enterprises supported with export readiness interventions	-	-	New indicator	300	330	350	400

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Outcome	Output	Output Indicator	Audited Performance*			Estimated Performance**	MTEF Targets		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		BD10.3. Number of small enterprises linked to local markets	-	-	New indicator	100	110	120	130
Outcome 1.1: Increased effectiveness of ecosystem support and services for small enterprises	ES5. Jobs created and sustained by supported small enterprises	ES5.3. Number of jobs created by small enterprises supported in the post-investment stage	3,500	4,000	4,500	4,800 (1,920 40%)	3,000	3,500	4,000
		ES5.4. Number of jobs sustained by small enterprises supported in the post-investment stage	3,500	6,000	8,000	9,000 (3,600 40%)	5,500	6,000	7,000

* Individual entities pre-merger

** Individual entities pre-merger, Q1&Q2 FY2024/25 + SEDFA post-merger Q3&Q4 FY2024/25

1.2.8. Output Indicators, Annual, and Quarterly Targets

Post-investment Support:

Output Indicator	2025/26 Annual Target	Quarterly Targets			
		Q1 Apr - Jun 2025	Q2 Jul - Sep 2025	Q3 Oct - Dec 2025	Q4 Jan - Mar 2026
BD6.1. Percentage collection rate (all-in-cash collections)	85%	85%	85%	85%	85%
BD7.1. Number of priority sector clients supported	110	22	33	22	33

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Output Indicator	2025/26 Annual Target	Quarterly Targets			
		Q1 Apr - Jun 2025	Q2 Jul - Sep 2025	Q3 Oct - Dec 2025	Q4 Jan - Mar 2026
BD8.1. Number of clients supported with training, mentorship and coaching	22,000	4,400	6,600	4,400	6,600
BD9.1. Number of clients supported with quality improvement interventions	250	50	75	50	75
BD9.2. Number of clients supported with productivity improvement interventions	250	50	75	50	75
BD10.1. Number of small enterprises supported with local market readiness interventions	330	66	99	66	99
BD10.2. Number of small enterprises supported with export readiness interventions	330	66	99	66	99
BD10.3. Number of small enterprises linked to local markets	110	22	33	22	33
ES5.3. Number of jobs created by small enterprises supported in the post-investment stage	3000	600	900	600	900
ES5.4. Number of jobs sustained by small enterprises supported in the post-investment stage	5,500	1,100	1,650	1,100	1,650

1.2.9. Explanation of Planned Performance

Post-investment Support:

SEDFA Outcome 4: Increased competitiveness and sustainable growth of small enterprises in priority sectors	
Contribution to achieving the intended SEDFA impact:	
<ul style="list-style-type: none"> Targeted sector growth, enhanced business performance, scaled competitiveness in domestic and international markets, and effective post-investment management, collectively contribute to the intended impact of innovative, sustainable, and competitive small enterprises that contribute to inclusive economic growth and job creation. 	
Contribution to MTDP 2024-2029 and national priorities:	
MTDP 2024-2029	Priority 1: Drive Inclusive Growth and Job Creation: <ul style="list-style-type: none"> Increased employment and work opportunities: <ul style="list-style-type: none"> 273,000 jobs created; 1,606,500 jobs sustained. Accelerated growth of industrial and labour-intensive sectors: <ul style="list-style-type: none"> 100 enterprises supported in select labour-intensive sectors Enabling environment for investment and improved competitiveness through structural reforms: <ul style="list-style-type: none"> 500,000 small enterprises supported financially and non-financially.
NISED Strategic Framework	Outcome 3: Effective support and services delivered for small enterprise growth, both financial and non-financial: <ul style="list-style-type: none"> Output: Delivery of better and targeted support to small enterprise demand needs and encourage entrepreneurship. Delivery of cost-effective support to small enterprises. NISED Game Changer – A major Supplier Development Partnership Programme (linked to private sector and public sector markets) and supported through incubators.
IBDS Policy (Draft)	<ul style="list-style-type: none"> Increased participation of small enterprises from underserved areas in IBDS, <i>leading to increased participation in economic activities and narrowing gaps in service delivery.</i> Targeted, sector-specific IBDS that addresses industry needs and growth stages, <i>leading to faster scaling, improved innovation and greater competitiveness</i>
APP outputs to deliver the outcome:	
<ul style="list-style-type: none"> BD6. Post investment managed BD7. Priority sector and high impact growth projects supported 	Programmes and initiatives to deliver the outputs: <ul style="list-style-type: none"> SEDFA enterprise coaching programme Senior Expert Service (SES) Export Development Programme

<ul style="list-style-type: none"> ▪ BD8. Mentorship, training, and capacity building provided ▪ BD9. Quality and productivity improvement interventions provided ▪ BD10. Small enterprises linked to domestic and export markets ▪ ES5. Jobs created and sustained by supported small enterprises 	<ul style="list-style-type: none"> ▪ Enterprise Supplier Development ▪ Post-incubation support programme (supporting incubatees that have graduated) ▪ Post Investment Management Programme ▪ Productivity Improvement Programme ▪ Quality Standards Improvement Programme
Specific priorities related to women, youth, and PWDs:	
Targeted disaggregation of non-financial support to small enterprises owned by disadvantaged groups:	
<ul style="list-style-type: none"> ▪ 45% women-owned, 30% youth-owned, and 2% persons with disabilities owned 	
Specific priorities related to spatial transformation	
<ul style="list-style-type: none"> ▪ 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions. 	

1.2.10. Sub-Programme: Co-operative Banking Support and Advancement

The purpose of SEDFA's support for co-operative banking institutions (CBIs) is to empower them as essential drivers of financial inclusion and community-based economic development. This involves raising awareness and promoting the co-operative banking model to encourage participation and growth, while providing pre-registration support to ensure compliance with regulatory requirements. SEDFA facilitates the operationalisation of CBIs within the Prudential Authority's prescripts, promoting governance, stability, and sustainability.

Through the delivery of customised technical support services, SEDFA addresses the unique needs of CBIs, enabling them to enhance their operations and impact. Access to SEDFA's capital and funding solutions will strengthen their financial resilience, while promoting digitisation and technology adoption helps modernise their systems and improve service delivery. Additionally, SEDFA supports CBIs by facilitating access to the National Payment System, positioning them as contributors to the broader financial sector, and advocates for the establishment of a National Secondary Co-operative Bank to create a strong institutional framework for the sector.

SEDFA's post-investment support services will further ensure that CBIs achieve long-term sustainability and contribute to meaningful socio-economic transformation, reinforcing SEDFA's mandate in terms of the NSEAA to assist in building an inclusive, resilient financial sector that drives South Africa's developmental goals.

The table below reflects the sub-programme's contribution to the outcomes of SEDFA's 2025-2030 Strategic Plan, as well as the business functions responsible for delivering the outcomes.

Outcome	Business Function	Sub-Functions
Outcome 1.2: Increased access to financial services and economically	Business Development Services: <ul style="list-style-type: none"> ▪ Co-operative Banking Support and Advancement 	<ul style="list-style-type: none"> ▪ Awareness and Promotion ▪ Pre-registration support ▪ Operationalisation within PA prescripts

Outcome	Business Function	Sub-Functions
transformed communities through co-operative banking		<ul style="list-style-type: none"> ▪ Custom technical support services ▪ Access to SEDFA capital/funding ▪ Digitisation and technology adoption ▪ Access to National Payment System ▪ Support for establishment of National Secondary Co-operative Bank ▪ SEDFA post-investment support services

The FY2025/26 programme performance plan is reflected in the log frame tables below.

1.2.11. Outcomes, Outputs, Output Indicators, and Targets

Co-operative Banking Support and Advancement:

Outcome	Output	Output Indicator	Audited Performance*			Estimated Performance**	MTEF Targets		
			2021/22	2022/23	2023/24		2024/25	2025/26	2026/27
Outcome 1.2. Increased access to financial services and economically transformed communities through co-operative banking	CB1. CBIs digitised	CB1.1. Percentage of CBIs digitised	-	-	-	New indicator	10%	10%	10%
	CB2. CBIs supported to access funding	CB2.1. Number of CBIs supported to access funding	-	-	-	New indicator	10	10	10
	CB3. CBIs accessing the National Payment System	CB3.1. Percentage of CBIs accessing the National Payment System	-	-	-	New indicator	10%	10%	10%
	CB4. Co-operative Banking Support and Advancement	CB4.1 Number of new CBIs established	-	-	-	New indicator	1	1	1

* Individual entities pre-merger

** Individual entities pre-merger, Q1&Q2 FY2024/25 + SEDFA post-merger Q3&Q4 FY2024/25

1.2.12. Output Indicators, Annual, and Quarterly Targets

Co-operative Banking Support and Advancement:

Output Indicator	2025/26 Annual Target	Quarterly Targets			
		Q1 Apr - Jun 2025	Q2 Jul - Sep 2025	Q3 Oct - Dec 2025	Q4 Jan - Mar 2026
CB1.1. Percentage of CBIs digitised	10%	-	-	-	10%

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Output Indicator	2025/26 Annual Target	Quarterly Targets			
		Q1 Apr - Jun 2025	Q2 Jul - Sep 2025	Q3 Oct - Dec 2025	Q4 Jan - Mar 2026
CB2.1. Number of CBIs supported to access funding	10	-	-	-	10
CB3.1. Percentage of CBIs accessing the National Payment System	10%	-	-	-	10%
CB4. Number of new CBIs established	1 CBI established	-	-	-	1

1.2.13. Explanation of Planned Performance

Co-operative Banking Support and Advancement:

SEDFA Outcome 1.2. Increased access to financial services and economically transformed communities through co-operative banking	
Contribution to achieving the intended SEDFA impact:	
<ul style="list-style-type: none"> Expanded financial inclusion and economic transformation in underserved communities by strengthening CBIs as accessible, community-focused financial service providers. 	
Contribution to MTDP 2024-2029 and national priorities:	
MTDP 2024-2029	Priority 1: Drive Inclusive Growth and Job Creation: <ul style="list-style-type: none"> Economic transformation for a just society: Mainstreaming the rights of women, youth, and persons with disabilities, and ensure the economic inclusion of disadvantaged. Enabling environment for investment and improved competitiveness through structural reforms: <ul style="list-style-type: none"> 500,000 small enterprises supported financially.
NISED Strategic Framework	Outcome 3: Effective support and services delivered for small enterprise growth, both financial and non-financial: <ul style="list-style-type: none"> Output: Build and promote expanded supply of support to small enterprises.
Co-operative Banking Sector Development Strategy, 2021	Contribute to the target of serving 400,000 workers and mixed-income community members by 2030, up from circa 29,000 in 2020, by aligning to the three main pillars of the strategy: <ul style="list-style-type: none"> Value-added products and systems Robust sources of funds Digital delivery channels
APP outputs to deliver the outcome:	Programmes and initiatives to deliver the outputs:
<ul style="list-style-type: none"> CB1. CBIs digitised CB2. CBIs supported to access funding CB3. CBIs accessing the National Payment System CB4. Secondary Co-operative Bank established (by FY2029/30) 	<ul style="list-style-type: none"> Co-operative Banking Integrated Development Support Programme
Specific priorities related to women, youth, and PWDs:	
Prioritising financial inclusion, capacity building, and tailored cooperative banking solutions to enhance access for women, youth, and persons with disabilities, thereby promoting their economic participation and empowerment.	
Specific priorities related to spatial transformation:	
CBI development and advancement is done in alignment with DDM priorities, with a focus on expanding co-operative banking access in rural and township areas	

Key priorities:

- 1) With 10% of registered CBIs equating to three institutions, the target has been set cumulatively to ensure continuity of digitised CBIs from the first year, progressively moving towards 50% by year five of the 2025-2030 Strategic Plan, effectively maintaining a 10% annual digitisation rate.
- 2) The implementation of digitisation is subject to several dependencies, including sector buy-in, CBI readiness, availability and proper filing of source documents, system configuration, and CBI set-up (roles, responsibilities, and training). These factors may impact the number of CBIs digitised, particularly in the first year.
- 3) Currently, ten CBIs, representing just over 30% of registered institutions, have agreed in principle to adopt a common system; however, it remains uncertain whether all ten will be digitised within the first year, pending ICT implementation.
- 4) Past experience indicates a low response rate to CBI CDSP applications, necessitating a cautious approach, however, efforts will be made to ensure the CBIs meet the funding application requirements of SEDFA Lending and Investment, thus enhancing their access to required funding.
- 5) The establishment of at least one new CBI every two years involves stakeholder engagement, leadership capacity-building, registration facilitation, and system development support.
- 6) The Prudential Authority is currently assessing the bank's application for a National Secondary Co-operative Bank, with a high likelihood of registration by the third year of the 2025-2030 Strategic Plan.

1.2.14. Resource Considerations**Business Development Services: Revenue and Expenditure Estimates by Economic Classification**

Business Development	Audited Outcomes			Projected Expenditure	MTEF Expenditure Estimates		
R'000	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Revenue from Non-Exchange Transactions							
Government transfers	N/A	N/A	N/A	N/A	351 974	363 191	369 176
Expenditure by Economic Classification							
Compensation of employees	N/A	N/A	N/A	N/A	433 254	458 015	478 185
Depreciation	N/A	N/A	N/A	N/A	2 814	711	6 687
Goods and services	N/A	N/A	N/A	N/A	569 502	586 289	632 966
Total expenses	-	-	-	-	1,005 570	1 045 015	1 117 838
Co-operative Banking	N/A	N/A	N/A	N/A	17,829	18,875	19,729
Capital expenditure	N/A	N/A	N/A	N/A	10 893		-

1.3. Programme 3: Lending and Investment

1.3.1. Purpose

The purpose of SEDFA's Lending and Investment programme is to expand financial access for small enterprises through a dual-fund approach, comprising a Development Fund and a Commercial Fund, delivered via both direct and indirect financing channels. The Development Fund focuses on supporting micro and small enterprises, particularly in underserved market segments, by providing affordable and flexible financing solutions that incorporate a developmental risk premium. The Commercial Fund targets commercially viable enterprises, offering market-aligned financing to drive growth through priority sector, high-impact projects while maintaining financial sustainability. This integrated approach ensures tailored support for diverse financing needs across the small enterprise sector while striving to maintain SEDFA's financial sustainability.

An expanded credit guarantee system (KCG) will enable small enterprises to secure loans through a broader range of finance providers to facilitate greater access to capital. KCG will be instrumental in attracting co-investment from both public and private financial institutions by leveraging capital through the Credit Guarantee mechanism.

The table below reflects the programme's contribution to the outcomes of SEDFA's 2025-2030 Strategic Plan, as well as the business functions responsible for delivering the outcome.

Outcome	Business Function	Sub-Functions
Outcome 3.1: Enhanced access to finance by small enterprises	Lending and Investment	Investment origination, deal structuring and approval through the Development Fund, and the Commercial Fund: <ul style="list-style-type: none"> ▪ Direct Financing Channel ▪ Indirect Financing Channel: <ul style="list-style-type: none"> ○ Banking and non-banking institutions (MFIs/RFIs) ○ Joint venture funds ○ Equity funds ○ Co-operative enterprises ▪ Khula Credit Guarantee ▪ Co-operative Banking Institutions' Financing

The FY2025/26 programme performance plan is reflected in the log frame tables below.

1.3.2. Outcomes, Outputs, Output Indicators, and Targets

Lending and Investment:

Outcome	Output	Output Indicator	Audited Performance*			Estimated Performance**	MTEF Targets		
			2021/22	2022/23	2023/24		2025/26	2026/27	2027/28
Outcome 3.1: Enhanced access to finance by small enterprises	LI1. Small enterprises financed through the Development Fund	LI1.1. Value of approvals to small enterprises through the Development Fund (R'000)	-	-	-	New indicator	990,000	1,320,000	1,386,000
		LI1.2. Value of disbursements to small enterprises through the Development Fund (R'000)	-	-	-	New indicator	792,000	1,056,000	1,108,800
		LI1.3. Number of small enterprises financed through the Development Fund	-	-	-	New indicator	94,500	126,000	132,300
	LI2. Small enterprises financed through the Commercial Fund	LI2.1. Value of approvals to small enterprises through the Commercial Fund (R'000)	-	-	-	New indicator	330,000	440,000	462,000
		LI2.2. Value of disbursements to small enterprises through the Commercial Fund (R'000)	-	-	-	New indicator	264,000	352,000	369,600
		LI2.3. Number of small enterprises financed through the Commercial Fund	-	-	-	New indicator	5,250	7,000	7,350
	LI3. Small enterprises financed by PFIs at the back of the guarantee facility	LI3.1. Value of credit guarantees taken up by small enterprise borrowers (R'000)	R205 073	R372 574	R503 498	R863 598	R979 958	R1 044 954	R1 149 449
	LI4. Small enterprises accessing credit from PFIs covered by the guarantee facility	LI4.1. Value of supplier guarantees taken up by small enterprise borrowers (R'000)	R80 516	R77 208	R347 190	R419 405	R461 346	R507 480	R558 228
		LI4.2. Number of small enterprises funded by PFIs at	4 654	1 371	686	1 064	1 170	1 287	1 416

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Outcome	Output	Output Indicator	Audited Performance*			Estimated Performance**	MTEF Targets		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		the back of the credit guarantee							
	LI5. Turnaround time for lending managed ²⁰	LI5.1. Turnaround time for direct lending (days)	45 days	40 days	70 days	50 days	50 days	40 days	30 days
		LI5.2. Turnaround time for indirect lending (wholesale and credit guarantees) (days)	60 days	55 days	90 days	70 days	50 days	40 days	35 days
	ES5. Jobs created and sustained by supported small enterprises	ES5.5. Number of jobs created by small enterprises supported financially	99,112	96,589	104,547	93,923	56,700	75,600	79,380
		ES5.6. Number of jobs sustained by small enterprises supported financially					132,300	176,400	185,220
		ES5.7. Number of jobs sustained by small enterprises supported by PFIs at the back of the credit guarantee	6,982	5,554	8,744	24,206	26,627	29 289	32 218

* Individual entities pre-merger

** Individual entities pre-merger, Q1&Q2 FY2024/25 + SEDFA post-merger Q3&Q4 FY2024/25

1.3.3. Output Indicators, Annual, and Quarterly Targets

Lending and Investment:

²⁰ The turnaround times reflect the average time it takes for SEDFA to process an application. Each product within each of these lending channels is associated with its own turnaround time based on the products standard operating procedure.

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Output Indicator	2025/26 Annual Target	Quarterly Targets			
		Q1 Apr - Jun 2025	Q2 Jul - Sep 2025	Q3 Oct - Dec 2025	Q4 Jan - Mar 2026
LI1.1. Value of approvals to small enterprises through the Development Fund (R'000)	990,000	198,000	297,000	297,000	198,000
LI1.2. Value of disbursements to small enterprises through the Development Fund (R'000)	792,000	158,400	237,600	237,600	158,400
LI1.3. Number of small enterprises financed through the Development Fund	94,500	18,900	28,350	28,350	18,900
LI2.1. Value of approvals to small enterprises through the Commercial Fund (R'000)	330,000	66 000	99 000	99 000	66 000
LI2.2. Value of disbursements to small enterprises through the Commercial Fund (R'000)	264,000	158 400	237 600	237 600	158 400
LI2.3. Number of small enterprises financed through the Commercial Fund	5,250	1 050	1 575	1 575	1 050
LI3.1. Value of credit guarantees taken up by small enterprise borrowers (R'000)	R979 958	146,994	342,985	293,987	195,992
LI4.1. Value of supplier guarantees taken up by small enterprise borrowers (R'000)	R461 346	69,202	161,471	138,404	92,269
LI4.2. Number of small enterprises funded by PFIs at the back of the credit guarantee	1 170	176	410	351	234

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Output Indicator	2025/26 Annual Target	Quarterly Targets			
		Q1 Apr - Jun 2025	Q2 Jul - Sep 2025	Q3 Oct - Dec 2025	Q4 Jan - Mar 2026
LI5.1. Turnaround time for direct lending (days)	50 days	50 days	50 days	50 days	50 days
LI5.2. Turnaround time for indirect lending (wholesale and credit guarantees) (days)	50 days	50 days	50 days	50 days	50 days
ES5.5. Number of jobs created by small enterprises supported financially	56,700	11 340	17 010	17 010	11 340
ES5.6. Number of jobs sustained by small enterprises supported financially	132,300	26 460	39 690	39 690	26 460
ES5.7. Number of jobs sustained by small enterprises supported by PFIs at the back of the credit guarantee	26,627	69,202	161,471	138,404	92,269

1.3.4. Explanation of Planned Performance

Lending and Investment:

SEDFA Outcome 3.1: Enhanced access to finance by small enterprises	
Contribution to achieving the intended SEDFA impact:	
Facilitating funding to the economy empowers small enterprises to innovate, scale, and build resilience, enabling their sustainability and competitiveness, while contributing to inclusive economic growth and job creation through expanded opportunities and increased participation in the economy.	
Contribution to MTDP 2024-2029 and national priorities:	
MTDP 2024-2029	Priority 1: Drive Inclusive Growth and Job Creation: <ul style="list-style-type: none"> Increased employment and work opportunities: <ul style="list-style-type: none"> 273,000 jobs created; 1,606,500 jobs sustained. Accelerated growth of industrial and labour-intensive sectors: <ul style="list-style-type: none"> 100 enterprises supported in select labour intensive sectors. Enabling environment for investment and improved competitiveness through structural reforms: <ul style="list-style-type: none"> 500,000 small enterprises supported financially. 50,000 start-up and new small enterprises supported financially and non-financially.
NISED Strategic Framework	Outcome 3: Effective support and services delivered for small enterprise growth, both financial and non-financial: <ul style="list-style-type: none"> Output: Delivery of better and targeted support to small enterprise demand needs and encourage entrepreneurship. Output: Delivery of cost-effective support to small enterprises. NISED Game Changers: <ul style="list-style-type: none"> An enhanced Township and Rural Partnership Programme. A recapitalised KCG mechanism. An upscaled Youth Challenge Fund.
SMMEs and Co-operatives Funding Policy	<ul style="list-style-type: none"> Derisking small enterprise finance through credit guarantees. New funding models and products.
APP outputs to deliver the outcome:	Programmes and initiatives to deliver the outputs:
LI1. Small enterprises financed through the Development Fund LI2. Small enterprises financed through the Commercial Fund LI3. Small enterprises financed by PFIs at the back of the guarantee facility	Development Fund programmes/funds: <ul style="list-style-type: none"> Wholesale Micro Lending Programme Co-operatives Financing Programme Financing programme for entrepreneurs with disability

<p>LI4. Small enterprises accessing credit from PFIs covered by the guarantee facility</p> <p>LI5. Turnaround time for lending managed</p> <p>ES5. Jobs created and sustained by supported small enterprises</p>	<ul style="list-style-type: none"> Enhanced Township and Rural Partnership Programme. Spaza shop support programme Social entrepreneurship programme Youth Innovation Fund Small enterprise manufacturing support programme LEN9. Niche/Priority Sector and High-impact Projects, e.g., Cannabis/Hemp Sector Support Programme (MTDP) Co-operative Banking Finance Programme <p>Commercial Fund programmes/funds:</p> <ul style="list-style-type: none"> Franchise Fund Joint Venture Funds Construction Programme/Fund Equity Finance Fund Commercial and Industrial Property Finance Programme <p>Khula Credit Guarantee:</p> <ul style="list-style-type: none"> Portfolio Credit Guarantee Partnerships Programme Supplier Credit Guarantee Programme
Specific priorities related to women, youth, and PWDs:	
<p>Targeted disaggregation of disbursements to small enterprises owned by disadvantaged groups will be:</p> <ul style="list-style-type: none"> 45% women-owned, 30% youth-owned, and 2% enterprises owned by persons with disabilities. 	
Specific priorities related to spatial transformation	
<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of financial support interventions. 	

1.3.5. Resource Considerations

Lending and Investment: Expenditure Estimates by Economic Classification

Lending and Investment	Audited Outcomes			Projected Expenditure	MTEF Expenditure Estimates		
R'000	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Revenue from Non-Exchange Transactions							
Grants Income - Conditional	N/A	N/A	N/A	N/A	743 934	835 439	797 784
Revenue from Exchange Transactions							

Lending and Investment	Audited Outcomes			Projected Expenditure	MTEF Expenditure Estimates		
Loan interest received	N/A	N/A	N/A	N/A	186 510	246 323	294 108
Fees from services rendered	N/A	N/A	N/A	N/A	27 775	26 467	21 722
Insurance Revenue	N/A	N/A	N/A	N/A	35 236	50 522	65 574
Profit from equity accounted investments	N/A	N/A	N/A	N/A	36 249	35 217	36 978
Economic Classification							
Compensation of employees	N/A	N/A	N/A	N/A	158 694	139 816	128 153
Goods and services	N/A	N/A	N/A	N/A	52 303	52 853	43 684
Grants paid	N/A	N/A	N/A	N/A	223 306	249 046	137 393
Insurance Expenses	N/A	N/A	N/A	N/A	84 867	97 597	107 356
Debtors' provisions	N/A	N/A	N/A	N/A	546 263	567 185	510 923
Impairments on investments	N/A	N/A	N/A	N/A	3 512	1 756	1 756
Total expenses					1 068 946	1 108 254	929 266

1.4. Programme 4: Capital Management

1.4.1. Purpose

The purpose of SEDFA's Capital Management programme is to secure and retain a sustainable supply of capital to drive small enterprise growth and development. This involves implementing a comprehensive investment and capital-raising strategy that addresses fiscal constraints and leverages diverse funding sources. SEDFA will optimise its internal funding streams—including government subsidies, income from financing activities, property rentals, and equity dividends—to support capital retention, growth, and the developmental risk premium.

To expand funding capacity, SEDFA will mobilise external capital through strategic partnerships with public sector DFIs, private financial institutions, venture capitalists, and ESG-focused donors. Innovative financial mechanisms, such as a potential small enterprise bond issued via National Treasury, will also be explored. By employing fund management, syndication, and co-investment arrangements, SEDFA aims to balance development-oriented and commercial funding, ensuring the sustainability and impact of its interventions.

The table below reflects the programme's contribution to the outcomes of SEDFA's 2025-2030 Strategic Plan, as well as the business functions responsible for delivering the outcome.

Outcome	Business Function	Sub-Functions
Outcome 3.2:	Lead: Lending and Investment	<ul style="list-style-type: none"> Capital raising/resource mobilisation Fund management

Outcome	Business Function	Sub-Functions
Adequate capital to fund the growth and development of small enterprises at scale	Support:	
	Business Development Services	▪ Contributor to resource mobilisation
	Ecosystem and Stakeholder Management	▪ Contributor to resource mobilisation
	Finance and Treasury	▪ Capital investment management
	Credit Risk Management	▪ Credit risk, mitigation, data analytics, and reporting
	Legal and Compliance	▪ Contract management, legal advisory, and regulatory compliance

The FY2025/26 programme performance plan is reflected in the log frame tables below.

1.4.2. Outcomes, Outputs, Output Indicators, and Targets

Capital Management:

Outcome	Output	Output Indicator	Audited Performance*			Estimated Performance**	MTEF Targets		
			2021/22	2022/23	2023/24		2024/25	2025/26	2026/27
Outcome 3.2. Adequate capital to fund the growth and development of small enterprises at scale	CM1. Resources mobilised to expand support to small enterprises	CM1.1. Rand value of additional capital raised (R'000)	-	-	New indicator	R85,000 (sefa)	R1,625,000	R2,062,500	R2,437,500
		CM1.2. Rand value of private sector partnerships (R'000)	-	-	-	New indicator	R200,000	R250,000	R300,000
	CM2. Credit risks assessed and mitigated	CM2.1. Blended first default rate	-	-	-	14%	14.5%	15%	15%
	CM3. Accumulated impairment provision managed	CM3.1. Average accumulated impairment provision as a percentage of total loans and advances (Development Fund)	38%	38%	40%	70%	30% (New loan book)	<30%	<30%
		CM3.2. Average accumulated impairment provision as a percentage of total loans and advances (Commercial Fund)					10% (New loan book)	<10%	<10%
	CM4. Specialised funds managed	CM4.1. Rand value of specialised funds managed	-	-	New indicator	R600 million	R600 million	R1.2 billion	R1.2 billion

* Individual entities pre-merger

** Individual entities pre-merger, Q1&Q2 FY2024/25 + SEDFA post-merger Q3&Q4 FY2024/25

1.4.3. Output Indicators, Annual, and Quarterly Targets

Capital Management:

Output Indicator	2025/26 Annual Target	Quarterly Targets			
		Q1 Apr - Jun 2025	Q2 Jul - Sep 2025	Q3 Oct - Dec 2025	Q4 Jan - Mar 2026
CM1.1. Rand value of additional capital raised (R'000)	R1,625,000	-	-	-	R1,625,000
CM1.2. Rand value of private sector partnerships (R'000)	R200,000	-	-	-	R200,000
CM2.1. Blended first default rate	14.5%	14.5%	14.5%	14.5%	14.5%
CM3.1. Average accumulated impairment provision as a percentage of total loans and advances (Development Fund)	61%	68%	66%	64%	61%
CM3.2. Average accumulated impairment provision as a percentage of total loans and advances (Commercial Fund)	10%	10%	10%	10%	10%
CM4.1. Rand value of specialised funds managed	R600 million	R600 million	R600 million	R600 million	R600 million

1.4.4. Explanation of Planned Performance

Capital Management:

SEDFA Outcome 3.2: Adequate capital to fund the growth and development of small enterprises at scale		
Contribution to achieving the intended SEDFA impact:		
Capital raising and retention ensure a sustainable, diversified funding supply, enabling SEDFA to drive small enterprise growth, balance developmental and commercial priorities, and contribute to inclusive economic growth and job creation through competitive and sustainable small enterprises, while supporting institutional sustainability.		
Contribution to MTDP 2024-2029 and national priorities:		
MTDP 2024-2029	Priority 1: Drive Inclusive Growth and Job Creation: <ul style="list-style-type: none"> Increased employment and work opportunities: <ul style="list-style-type: none"> 273,000 jobs created; 1,606,500 jobs sustained. Enabling environment for investment and improved competitiveness through structural reforms: <ul style="list-style-type: none"> 1 million small enterprises supported financially and non-financially 	
NISED Strategic Framework	Outcome 3: Effective support and services delivered for small enterprise growth, both financial and non-financial: <ul style="list-style-type: none"> Output: Delivery of cost-effective support to small enterprises. 	
SMMEs and Co-operatives Funding Policy	<ul style="list-style-type: none"> Establishment of centralised fund structures in partnership with the private sector to direct market-based start-up capital towards small enterprises 	
APP outputs to deliver the outcome:		Programmes and initiatives to deliver the outputs:
<ul style="list-style-type: none"> CM1. Resources mobilised to expand support to small enterprises CM2. Credit risks assessed and mitigated CM3. Impairment ratio managed CM4. Specialised funds managed 		Capital raising and resource mobilisation strategy Policies and frameworks: <ul style="list-style-type: none"> Investment and credit risk policy Risk Appetite Framework Sector Based Cash Flow Projection Model
Specific priorities related to women, youth, and PWDs:		
<ul style="list-style-type: none"> n/a 		

1.4.5. Resource Considerations

Capital Management: Expenditure Estimates by Economic Classification²¹

Capital Management	Audited Outcomes			Projected Expenditure	MTEF Expenditure Estimates		
R'000	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Economic Classification							
Compensation of employees	N/A	N/A	N/A	N/A	-	-	-
Goods and services	N/A	N/A	N/A	N/A	-	-	-
Total expenses	-	-	-	-	-	-	-

1.5. Programme 5: Corporate Support Services**1.5.1. Purpose**

The purpose of Corporate Services is to provide strategic leadership and support to core delivery, ensuring the successful implementation of the organisation's strategy. This includes monitoring organisational performance, aligning strategically with shareholders' expectations, and empowering the organisation to achieve its outcomes. Through its functional expertise, Corporate Services seeks to build a high-performance, well-governed, and capable organisation, supported by technology, infrastructure, human capital, and financial resources, to sustainably lead the small enterprise ecosystem. Key focus areas include:

- People – Developing a diverse, skilled, and inclusive workforce through continual learning, employee well-being, and promoting an agile and adaptable culture.
- Systems and processes – Establishing integrated, scalable technology and efficient operations with robust cybersecurity and compliance for transparency and efficiency in service delivery.
- Relationships – Strengthening a customer-centric approach through strategic partnerships, collaborations, and active community and stakeholder engagement.
- Governance, risk and compliance – Upholding transparent and accountable governance with strategic risk management, compliance, ethical standards, ESG integration, and sustainability reporting.
- Innovation – Partnering with innovators to leverage 4IR technologies for product and service advancements that enhance the competitiveness of small enterprises.
- Marketing and Communication – Driving trust and brand visibility, stakeholder engagement, and strategic messaging to align with organisational outcomes.

1.5.2. Corporate Support Functions

The table below reflects the programme's contribution to the outcomes of SEDFA's 2025-2030 Strategic Plan, as well as the business functions responsible for delivering the outcomes.

²¹ Resource Considerations for Capital Management have been captured under Lending and Investment as well as Corporate Support Functions.

Outcome	Business Function	Sub-Functions
Outcome 5.1: An innovative, sustainable, and well-governed agency	Finance and Treasury	<ul style="list-style-type: none"> Financial planning and budgeting Treasury management Financial reporting and compliance Financial compliance Cost management and control Disbursements Procurement and supply chain management
	Digital Transformation and Innovation	<ul style="list-style-type: none"> Digitalisation and automation Data management and analytics Cybersecurity and risk management Technology infrastructure and operations Innovation and technology partnerships
	Human Capital Management	<ul style="list-style-type: none"> Human capital management Organisational development Talent management and development Change management Performance management Employee relations Administration and payroll services Facilities management and security Occupational health and safety
	Credit and Risk	<ul style="list-style-type: none"> Enterprise risk assessment, monitoring and reporting Risk mitigation strategies Credit risk information analytics Credit policy development and compliance Credit and risk monitoring and reporting Fraud prevention & management
	Legal and Compliance	<ul style="list-style-type: none"> Regulatory compliance Prudential authority and licensing Governance policies and frameworks Contract management Document management Ethical compliance and reporting Legal advisory

Outcome	Business Function	Sub-Functions
	Business Intelligence, Strategy, Monitoring and Evaluation	<ul style="list-style-type: none"> ▪ Strategic planning and alignment ▪ Monitoring and evaluation ▪ Reporting ▪ Research development & innovation ▪ Programme coordination
	Khula Business Premises	<ul style="list-style-type: none"> ▪ Subsidiary responsible for sustainable property management

The FY2025/26 programme performance plan is reflected in the log frame tables below.

1.5.3. Outputs, Output Indicators, and MTEF Targets

Corporate Support Services:

Outcome	Output	Output Indicator	Audited Performance*			Estimated Performance**	MTEF Targets		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Outcome 5: An innovative, sustainable, and well-governed agency	CS1. Sound financial management and internal controls implemented	CS1.1. External Audit Opinion	Unqualified Audit Opinions	Unqualified Audit Opinions	Unqualified Audit Opinions	Unqualified Audit Opinions	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion
	CS2. Financial sustainability managed	CS2.1. Net asset value	NAV: R1.28 billion	NAV: R1.3 billion	NAV: R1.5 billion	NAV: R2.6 billion	NAV: R3 billion ²²	NAV: R3.1 billion	NAV: R3.2 billion
		CS2.2. Cost-to-income ratio	69%	67%	59%	68%	90%	86%	84%
		CS2.3. Rental collection rate	45%	56%	66%	69% (Q3)	60%	65%	70%
	CS3. Digital systems implemented	CS3.1. Percentage implementation of the Integrated AI enabled Omnichannel Digital Portal	-	-	New indicator	Seda: 4 priority systems digitised Sefa: Automation of 5 business processes:	40% implementation of the Integrated AI enabled Omnichannel Digital Portal	100% implementation of the Integrated AI enabled Omnichannel Digital Portal	n/a
		CS3.2. Percentage of end-to-end KCG portfolio management system developed	-	-	-	New indicator	80% of end-to-end KCG portfolio management system developed	100% of end-to-end KCG portfolio management system developed	n/a
		CS3.3. Percentage of CBIs, MFIs, and intermediaries digitised	-	-	-	New indicator	80% of CBIs, MFIs, and intermediaries digitised	100% of CBIs, MFIs, and intermediaries digitised	n/a

²² MTEF estimates preliminary

Small Enterprise Development Finance Agency (SEDFA): Annual Performance Plan for 2025–2026

Outcome	Output	Output Indicator	Audited Performance*			Estimated Performance**	MTEF Targets		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	CS4. Knowledge and strategic research reports produced	CS4.1. Number of knowledge and strategic research reports produced	-	-	New indicator	Business conditions survey 6 sector and value chain analysis reports 2 small enterprise sector update reports	11 knowledge and strategic research reports produced: - 2 x Business conditions surveys - 6 x sector and value chain analysis reports - 2 x small enterprise sector update reports - 1 x programme impact evaluation report	12 knowledge and strategic research reports produced: - 2 x Business conditions survey - 6 x sector and value chain analysis reports - 2 x small enterprise sector update reports - 2 x programme impact evaluation report	12 knowledge and strategic research reports produced: - 2 x Business conditions survey - 6 x sector and value chain analysis reports - 2 x small enterprise sector update reports - 2 x programme impact evaluation report
	CS5. Organisational performance, culture, and capabilities developed	CS5.1. Percentage employee engagement survey rating	-	-	New indicator	Culture surveys conducted at the individual entities	50% employee engagement survey rating	55% employee engagement survey rating	60% employee engagement survey rating
		CS5.2. Leadership and critical skills development programmes implemented	-	-	-	New indicator	SEDFA competency dictionary approved	Skills audit conducted against approved competencies	Approved leadership and critical skills development plan implemented
	CS6. Fraud prevented and managed	CS6.1. Percentage of investigations finalised	-	-	-	New indicator	80%	80%	80%

1.5.4. Output Indicators, Annual and Quarterly Targets

Small Enterprise Development Finance Agency (SE DFA): Annual Performance Plan for 2025–2026

Responsible Function	Output Indicator	2025/26 Annual Target	Quarterly Targets			
			Q1 Apr - Jun 2025	Q2 Jul - Sep 2025	Q3 Oct - Dec 2025	Q4 Jan - Mar 2026
Finance	CS1.1. External Audit Opinion	Unqualified Audit Opinion	n/a – audit opinion issued in Q2	Unqualified audit opinion	n/a – audit opinion issued in Q2	n/a – audit opinion issued in Q2
Finance	CS2.1. Net asset value	NAV: R3 billion	-	-	-	R3 billion
Finance	CS2.2. Cost-to-income ratio	90%	90%	90%	90%	90%
KBP	CS2.3. Rental collection rate	60%	60%	60%	60%	60%
ICT	CS3.1. Percentage implementation of the Integrated AI enabled Omnichannel Digital Portal	40% implementation of the Integrated AI enabled Omnichannel Digital Portal	10% (Delivery partner appointed)	20% (Planning, assessment and requirements verification completed)	30% (Development and/ or configuration started)	40% (Development and configuration completed)
ICT	CS3.2. Percentage of end-to-end KCG portfolio management system developed	80% of end-to-end KCG portfolio management system developed	20% (Service Provider Appointed)	40% (Planning, Assessment and Requirements verification completed)	60% (Development and/or configuration completed)	80% (Testing and quality assurance completed)
ICT	CS3.3. Percentage of CBIs, MFIs, and intermediaries digitised	80% of CBIs, MFIs, and intermediaries digitised	20% (Service Provider Appointed)	40% (Planning, Assessment and Requirements verification completed)	60% (Development and/or configuration completed)	80% (Testing and quality assurance completed)
Strategy, M&E	CS4.1. Number of knowledge and strategic research reports produced	11 knowledge and strategic research reports produced: - 2 x Business conditions surveys - 6 x sector and value chain analysis reports - 2 x small enterprise sector update reports	- 1 x value chain analysis report	- 1 x business conditions survey - 2 x value chain analysis reports - 1 x small enterprise sector update	- 2 x value chain analysis reports - 1 x small enterprise sector update	- 1 x business conditions survey - 1 x value chain analysis report

Small Enterprise Development Finance Agency (SEDFA): Annual Performance Plan for 2025–2026

Responsible Function	Output Indicator	2025/26 Annual Target	Quarterly Targets			
			Q1 Apr - Jun 2025	Q2 Jul - Sep 2025	Q3 Oct - Dec 2025	Q4 Jan - Mar 2026
		- 1 x programme impact evaluation report		- 1 x programme impact evaluation report		
Human Capital Management	CS5.1. Percentage employee engagement survey rating	50% employee engagement survey rating	-	-	-	50% employee engagement survey rating
Human Capital Management	CS5.2. Leadership and critical skills development programmes implemented	SEDFA competency dictionary approved	Define critical skills for SEDFA Competency dictionary development for Lending and BDS	Competency dictionary development for Ecosystems and IT	Competency dictionary development for Credit Risk / Enterprise Risk/ Legal & Governance	Competency dictionary development for all other areas of SEDFA Business Units
Risk Management / Legal and Compliance	CS6.1. Percentage of investigations finalised	80%	40%	50%	60%	80%

1.5.5. Explanation of Planned Performance

SEDFA Outcome 5: An innovative, sustainable and well-governed agency	
Contribution to achieving the intended SEDFA impact:	
By building a high-performance, capable, and future-ready organisation, promoting innovation through AI-enabled technologies, ensuring sound governance and risk management, and managing strategic stakeholder relationships, Corporate Services creates an enabling environment for sustainable small enterprise development. This foundation of SEDFA’s strategy enables the core business to achieve the intended impact of innovative, sustainable, and competitive small enterprises that drive inclusive economic growth and job creation.	
Contribution to MTDP 2024-2029 and national priorities:	
MTDP 2024-2029	Priority 3: Build a capable, ethical and development state: <ul style="list-style-type: none">Rebuild the capability of the state and create a professional public service.Digital transformation across the state.
APP outputs to deliver the outcome:	Key programmes and initiatives to deliver the outputs:
<ul style="list-style-type: none">CS1. Sound financial management and internal controls implementedCS2. Financial sustainability managedCS3. Digital systems implementedCS4. Knowledge and strategic research reports producedCS5. New SEDFA products and services pilotedCS6. Organisational performance, culture, and capabilities developedCS7. Fraud prevented and managed	<ul style="list-style-type: none">Review and update financial policies, key one being the Cash Investment PolicyAppointment of an outsourced treasury functionHuman capital policies and programmesICT / digital transformation strategy and implementation planProperty turnaround and/or divestment strategyEnterprise risk management frameworkGovernance and internal controls policies and proceduresFacilities management plan
Specific priorities related to women, youth, and PWDs:	
<ul style="list-style-type: none">Achievement of set employment equity targets	

1.5.6. Resource Considerations

Income and Expenditure Estimates by Economic Classification

Corporate Support Services	Audited Outcomes			Projected Expenditure	MTEF Expenditure Estimates		
R'000	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Revenue from Exchange Transactions							
Income from investments	-	-	-	-	252 815	220 209	188 279

Corporate Support Services	Audited Outcomes			Projected Expenditure	MTEF Expenditure Estimates		
Investment Property Income	-	-	-	-	24 907	27 377	28 299
Fair value adjustment investment properties	-	-	-	-	6 000	6 000	12 000
Revenue from Non- Exchange Transactions							
Unconditional grant Income	-	-	-	-	452 671	485 321	497 009
Economic Classification							
Compensation of employees	-	-	-	-	294 939	304 139	276 787
Goods and services	-	-	-	-	222 291	229 574	238 199
Investment properties expenses	-	-	-	-	92 257	87 593	74 498
Depreciation					27 363	28 966	28 354
Loss on sale of investment properties	-	-	-	-	7 133	28 388	-
Income tax expense					387	25 250	95 231
Total expenses	-	-	-	-	644 370	703 910	713 069
Capital expenditure	-	-	-	-	40 200	12 000	-

2. SEDFA FINANCIAL PLAN AND ANNUAL BUDGET FOR 2025/26 MTEF

2.1. Overall 2025/26 MTEF Budget Sources

2025/26 MTEF FIGURES R'000	MTEF BUDGET				
	2025/26	2026/27	2027/28	TOTAL MTEF	% Split
Programme 1: Ecosystem Development and Management	107 490	102 358	113 741	323 589	3.7%
Programme 2: Business Development Services	1,105 580	1 046 727	1 057 470	3 209 778	36.7%
Programme 3: Lending and Investment	1,068 946	1 108 253	929 267	3 106 466	35.5%
Programme 4: Capital Management	-	-	-	-	0%
Programme 5: Corporate Support Services	684 570	715 910	713 070	2 113 550	24.1%
Total	2 966 586	2 973 249	2 813 548	8 753 384	

Projected Balance Sheet for 2025/26 and the MTEF

STATEMENTS OF FINANCIAL POSITION R'000

STATEMENTS OF FINANCIAL POSITION R'000	GROUP R'000				
	2024 Audited	2025 Forecast	2026 BUDGET	2027 BUDGET	2028 BUDGET
ASSETS					
Cash and cash equivalents (Group)	2,482,558	2,525,463	2,227,185	2,394,327	2,602,197
Cash and cash equivalents (SBIF)	159,304	91,446	71,446	33,273	273
Cash and cash equivalents (EU YCF)	87,134	93,262	93,262	93,262	93,262
Cash and cash equivalents (ERP/TREP)	2,117,705	1,807,497	1,196,574	588,707	100,380
Cash and cash equivalents (EU)	141,436	151,399	151,326	151,326	151,326
Trade and other receivables	420,655	419,344	429,533	489,461	599,605
Current tax asset	246	306	306	306	306
Loans and advances	579,295	652,140	1,208,036	1,643,375	2,098,694
Loans and advances (SBIF)	87,887	142,774	109,687	69,867	53,551
Loans and advances (TEF)	-	49,493	94,791	218,386	226,242
Loans and advances (BVP)	39,144	27,701	13,602	0	0
Loans and advances (EU)	15,056	27,722	11,032	0	0
Loans and advances (COVID-19/ERP)	397,538	346,122	477,640	570,687	837,804
Investment properties	245,240	251,759	259,626	241,238	253,238
Equipment, furniture and other tangible assets	50,854	58,059	64,782	54,160	28,219
Intangible assets	947	5,221	8,101	5,849	3,600
Right-of-use assets	19,567	6,111	7,332	7,718	8,139
Deferred tax asset	3	3	3	3	3
Equity investments	1,036,340	1,052,178	1,072,834	1,129,990	1,153,130
TOTAL ASSETS	7,880,909	7,708,000	7,497,100	7,691,936	8,209,969
EQUITY AND LIABILITIES					
Share capital	308,300	1,081,512	1,081,512	1,081,512	1,081,512
Retained earnings and other reserves	1,446,000	1,853,873	1,854,019	1,956,263	2,200,668
Total equity	1,754,300	2,935,385	2,935,531	3,037,775	3,282,180
Liabilities					
Trade and other payables	510,133	320,370	277,962	175,873	109,259
Tax payable	-	5,406	5,793	31,043	126,273
Grants Received in Advance	4,668,317	4,221,614	4,041,449	4,193,317	4,427,326
Lease Liabilities	26,116	9,720	9,668	10,074	10,512
Total liabilities	6,126,611	4,772,617	4,561,570	4,654,162	4,927,789
TOTAL EQUITY AND LIABILITIES	7,880,909	7,708,000	7,497,100	7,691,936	8,209,969

2.2. Projected Income Statement for 2025/26 and the MTEF

STATEMENTS OF COMPREHENSIVE INCOME R'000	GROUP R'000				
	2024 Audited	2025 Forecast	2026 BUDGET	2027 BUDGET	2028 BUDGET
Interest from lending operations	165,358	132,542	186,510	246,323	294,108
Increase in expected credit losses on loans and advances	(703,713)	(256,532)	(546,263)	(567,185)	(510,924)
Loss from lending activities	(538,355)	(123,990)	(359,753)	(320,862)	(216,816)
Fee income from loans	7,288	9,361	27,776	26,467	21,722
Indemnity fees	2,575	1,067	2,067	1,375	1,513
Investment property rental income	24,519	25,721	24,823	27,290	28,207
Interest on overdue rental debtors	101	41	84	88	91
Investment income	350,941	400,482	311,315	280,461	248,307
Other income	30,249	62,083	158,701	172,150	178,539
Lease liability finance cost	(4,396)	(1,838)	(1,067)	(1,141)	(1,223)
Interest paid	-	-	-	-	-
Interest expense on IDC loan	(63,439)	(20,641)	(9,135)	(8,332)	(7,419)
Gross loss after finance costs	(190,517)	352,286	154,811	177,496	252,921
Net fair value (loss)/gain on investment properties	62,395	8,519	6,000	6,000	12,000
Profit/(Loss) on sale of investment properties	-	-	(7,133)	(28,388)	-
Increase in impairments on investments	9,148	(23,179)	(3,512)	(1,756)	(1,756)
Investment property expenses	(62,906)	(83,625)	(92,257)	(87,593)	(74,498)
Personnel expenses	(724,596)	(768,022)	(939,850)	(932,517)	(867,196)
Other operating expenses	(331,330)	(436,319)	(596,406)	(588,205)	(600,368)
Operating loss	(1,237,827)	(950,340)	(1,478,347)	(1,454,963)	(1,278,897)
Profit from equity accounted investments, net of tax	47,325	62,839	36,249	35,217	36,978
Service in Kind Income	4,454	1,849	-	-	-
Service in Kind Expense	-	-1,798	-	-	-
CFI Capacity Building and Monitoring	-	-	-	-	-
Grants paid - Loan Programmes	(137,154)	(141,559)	(223,306)	(249,046)	(137,393)
Grants paid - BDS Programme Related Costs	(598,672)	(1,054,865)	(500,319)	(466,178)	(528,542)
Unconditional Grant Income	20,911	652,042	987,124	1,029,861	1,082,527
Grant Income Received -BDS Programmes	1,475,372	1,037,979	436,098	363,191	369,176
Grant Income Received - Loan Programmes	672,821	672,570	743,934	835,439	797,784
Profit /(Loss) before tax	247,230	288,562	1,433	93,521	341,633
Income tax credit/(charge)	-	(5,405)	(387)	(25,250)	(95,231)
Net Profit/(loss)	247,230	283,157	1,046	68,271	246,402
Other comprehensive income	(2,186)	(14)	-	-	-
Total comprehensive profit/(loss) for the year	245,044	283,143	1,046	68,271	246,402
MTEF allocation	217,818	135,869	-	-	-
Net (loss)/profit for the year after MTEF	462,862	419,012	1,046	68,271	246,402

2.3. Cash Flow Projections for 2025/26 and the MTEF

STATEMENTS OF CASH FLOWS R'000

	GROUP R'000				
	2024 Audited	2025 Forecast	2026 BUDGET	2027 BUDGET	2028 BUDGET
Cash flows from operating activities					
Cash utilised by operations	(1,241,792)	(2,390,524)	(1,868,557)	(1,588,367)	(1,431,097)
Loans and advances awarded to customers or investees	(207,840)	(383,564)	(1,215,099)	(1,154,713)	(1,224,900)
Grant income received	2,158,293	1,959,500	1,907,603	2,014,932	2,106,201
Tax paid	(1,471)	-	-	-	-
Net cash utilised by operating activities	707,190	(814,588)	(1,176,053)	(728,148)	(549,796)
Cash flows from investing activities					
Purchase of equipment, furniture and other tangible	(18,419)	(28,502)	(30,950)	(5,658)	11,000
Purchase of intangible assets	-	(6,248)	(5,000)	-	-
Improvements on investment properties	-	-	(11,000)	(12,000)	-
Investment income	360,012	410,213	323,481	292,631	260,480
(Acquisition) / disinvestment of investments	(5,588)	12,933	-	-	-
Proceeds from sale of property and equipment	416	773	-	-	-
Proceeds from sale of investment properties	-	-	2,000	8,000	-
Net cash generated by investing activities	336,421	389,169	278,531	282,973	271,480
Cash flows from financing activities					
Capital repayment of the lease liabilities	(11,381)	(14,668)	(15,849)	(16,924)	(18,142)
Net Capital funding received from IDC	202,808	120,879	(15,900)	(16,800)	(17,000)
Net cash from financing activities	191,427	106,211	(31,749)	(33,724)	(35,142)
Net increase/(decrease) in cash and cash equivalents	1,235,039	(319,204)	(929,271)	(478,899)	(313,458)
Cash and cash equivalents at beginning of year	3,753,145	4,988,319	4,669,113	3,739,840	3,260,942
Cash and cash equivalents at end of year	4,988,184	4,669,115	3,739,842	3,260,941	2,947,484
Cash held on behalf of managed funds	-	-	-	-	-
Cash attributable to the Group	4,988,184	4,669,115	3,739,841	3,260,943	2,947,485

3. KEY RISKS AND MITIGATIONS

Outcome	Key Risk	Risk Mitigation
Outcome 1.1. Increased effectiveness of ecosystem support and services for small enterprises	<ul style="list-style-type: none"> Limited access to SEDFA services by small enterprises. Insufficient resources to deliver on planned initiatives. Inability of small enterprises to produce a desired quality. 	<ul style="list-style-type: none"> Conduct needs analysis for rural and township-based businesses and craft interventions that are suitable to their needs. Expand service access points. Leverage funding from partners. Provide mentoring and coaching, including quality testing and certification interventions.
	<ul style="list-style-type: none"> Inadequate business growth. Limited access by small enterprises to opportunities, as well as barriers to participate in priority sectors. 	<ul style="list-style-type: none"> Identify small enterprises in high growth sectors and support them. Enable support through business linkages.

Outcome	Key Risk	Risk Mitigation
	<ul style="list-style-type: none"> Non-alignment of SEDFA offerings to the market. 	<ul style="list-style-type: none"> Conduct small enterprises needs analysis and benchmark with the market.
<u>Outcome 1.2.</u> Increased participation of Co-operative Banking Institutions in the National Payment System	Insufficient financial resources which may lead to not being able to achieve the mandate.	<ul style="list-style-type: none"> Partnering with other stakeholders and setting up MOUs to leverage off existing resources. Reduce the Cost to Income Ratio.
	Inadequate understanding of the mandate by stakeholders.	<ul style="list-style-type: none"> Rebrand the Co-operative Banking Model and create awareness through an electronic presence. Define a business case for the Stabilisation Fund and operationalise the funding to sustain the CBIs. Conduct a feasibility study and develop a business case for a CBI incubation programme. Form partnerships to leverage on existing stakeholder incubation programmes and/or resources for implementation.
	Delays in implementation of technology solutions to modernise CBI operations due to dependencies on NT processes and shared functions.	<ul style="list-style-type: none"> Source technological solutions for the CBIs through strategic partnerships in the private and public sector.
	Reputational damage to through: <ul style="list-style-type: none"> CBIs inability to sustain themselves and meet the needs of their members. Ineffective/no assistance provided to distressed CBIs. Lack of confidence and trust in CBIs. Decline in growth and de-registration of CBIs resulting in non-existence of sector. 	<ul style="list-style-type: none"> Allow CFIs to become part of deposit insurance or to implement the stabilisation fund. Engaging with stakeholders and partners for assistance.
<u>Outcome 2.1.</u> Small enterprise sector growth and increased participation of small enterprises in the economy	<ul style="list-style-type: none"> Poorly designed initiatives. Lack of market development. Lack of industry standards and requirements. Limited buy-in from big co-operatives. 	<ul style="list-style-type: none"> Develop industry standards through collaboration. Identify co-operatives that can benefit from SEDFA interventions.

Outcome	Key Risk	Risk Mitigation
<u>Outcome 3.1.</u> Adequate capital to fund the growth and development of small enterprises at scale	Inability to generate the desired uptake of loan financing by new and existing clients: <ul style="list-style-type: none"> Limited technological interface between SEDFA and potential customers and applicants. Limited budget allocation. 	<ul style="list-style-type: none"> Exploration of technological advancements for a more user-friendly application process for clients. Refine the loan origination process and technology support for clients to track their loan applications. Engage various government departments and municipalities for small enterprise support incentives and funding.
	Inadequate customer centricity, stakeholder focus and brand visibility.	<ul style="list-style-type: none"> Develop product based on clearly defined market failures and SEDFA's interventions. Strengthen sectorial research and knowledge management capabilities.
<u>Outcome 3.2.</u> Enhanced access to finance by small enterprises	Inability to generate the desired uptake of loan financing by new and existing clients: <ul style="list-style-type: none"> Limited technological interface between SEDFA and potential customers/applicants. Limited budget allocation. 	<ul style="list-style-type: none"> Exploration of technological advancements for a more user-friendly application process for clients. Refine the loan origination process and technology support for clients to track their loan applications. Engage various government departments and municipalities for small enterprise support incentives and funding.
	Inadequate customer centricity, stakeholder focus and brand visibility.	<ul style="list-style-type: none"> Develop product based on clearly defined market failures and SEDFA's interventions. Strengthen sectorial research and knowledge management capabilities.
<u>Outcome 4.1.</u> Increased competitiveness and sustainable growth of small enterprises in priority sectors	<ul style="list-style-type: none"> Failure to integrate technology with ecosystem partners. Insufficient collaboration from the public and private sector. 	<ul style="list-style-type: none"> Identify win-win benefits for SEDFA and targeted partners. Actively pursue stakeholder engagement.
<u>Outcome 5.1.</u> A capable and sustainable, well governed agency	Going concern risk: <ul style="list-style-type: none"> Increasing portfolio at risk (PAR) in lending and investment. 	<ul style="list-style-type: none"> Implement more stringent credit criteria on larger loans. Explore additional capital raising initiatives through corporate ESD programmes, donors, and government departments with small enterprises support programmes.

Outcome	Key Risk	Risk Mitigation
	<p>Inadequate debt management:</p> <ul style="list-style-type: none"> Poor attitude by clients towards government funding (absence of urgency to settle debts). Absence of clear definitive investment and recovery strategy. Inadequate early warning triggers/alerts monitoring tools to identify or highlight near defaulting or overdue clients. 	<ul style="list-style-type: none"> Sensitise clients on the mandate and role of government in providing support. Develop a strategy to deal with old, doubtful, and irrecoverable debt. Develop and implement a system to automate the monitoring of debt proactively. Implement fraud mitigation plans.
	<p>Unmet targets in leveraging assets and raising capital:</p> <ul style="list-style-type: none"> Poor asset base. Property portfolio attracting very high utility bills (water and electricity). Regulatory limitations and restrictions on leveraging assets. 	<ul style="list-style-type: none"> Implementation of a turnaround strategy for the property portfolio. Incorporate clauses on recoveries in lease agreements. Development of a strategy to raise increased capital in the new merger. Insure SEDFA properties against destruction/vandalism.
	<ul style="list-style-type: none"> Lack of SEDFA innovation strategy. Inadequate ICT systems and infrastructure. Incoherent performance-focused culture. Lack of skills alignment with organisational goals. High dependency on service providers. Uncertainty of organisational efficiency post-merger. 	<ul style="list-style-type: none"> Develop and implement a SEDFA Innovation Plan. Identify required infrastructure and consolidate resources to develop or acquire it. Identify skills deficiencies and develop a skills plan to mitigate deficiencies. Identify service provider replacement through capacity increases and skills development. Implement and monitor SMART Performance Measures.
	<p>Inadequate responsiveness to changes in the environment:</p> <ul style="list-style-type: none"> Volatile global climate changes and disrupting client's businesses. Prevalence of recent socioeconomic factors i.e. loadshedding, building explosions etc. 	<ul style="list-style-type: none"> Conduct periodic business impact analysis and business continuity plan testing.
	<p>Impaired ICT security and cyber-attacks:</p> <ul style="list-style-type: none"> Cyber, hacking and phishing. 	<ul style="list-style-type: none"> Properly configure Microsoft level 5 across the board. Obtain cyber insurance.

Outcome	Key Risk	Risk Mitigation
	<ul style="list-style-type: none"> Lack of ethical and responsible use of information by staff. 	
	<ul style="list-style-type: none"> Non-adherence to good corporate governance standards. Financial crimes and unethical business practices. 	<ul style="list-style-type: none"> Conduct periodic fraud risk and ethics risk assessments and audits. Ongoing fraud, ethics and financial crimes training and awareness's.
	<p>Non-compliance with legal, contractual, and regulatory obligations:</p> <ul style="list-style-type: none"> Non-adherence to relevant legislation requirements and applicable organisational policies. 	<ul style="list-style-type: none"> Improvement in compliance risk monitoring. Periodic training on latest legislative developments. Benchmark with industry peers for best practices.
	<p>Sub-optimal business performance:</p> <ul style="list-style-type: none"> Frequent changes in leadership positions resulting to instability. Disruptions to operations during the transitional phase. Inadequate human capital capacity and capability. 	<ul style="list-style-type: none"> Provide upskilling and technical training for staff. Development of a competency framework for all job levels. Development of structures and approval of foundational policies during transition. Consolidate the merger process and provide regular feedback to staff on the progress of the merger.

4. PUBLIC ENTITIES

SEDFA has the following subsidiaries which fall under the oversight and control of the Group Board:

Name of Subsidiary / Public Entity	Mandate / Purpose	Subsidiary Outcomes
1. Khula Credit Guarantee	To issue a range of credit guarantee products to lenders (commercial banks and other financial institutions) for small enterprise borrowers whose access to finance is impeded by the fact that they do not have collateral required by the lenders.	<ol style="list-style-type: none"> Enhanced access to finance by small enterprises A financially sustainable organisation Leveraged strategic assets and capital raising Sound governance and a high-performance organisation
2. Khula Business Premises	To leverage the property portfolio to support SEDFA's sustainability, ensure property capital value preservation, and efficiently manage the properties to support small enterprises.	<ol style="list-style-type: none"> Enhanced service delivery and stakeholder satisfaction A financially sustainable organisation Leveraged strategic assets and capital raising

Name of Subsidiary / Public Entity	Mandate / Purpose	Subsidiary Outcomes
		5) Sound governance and a high-performance organisation

5. INFRASTRUCTURE PROJECTS

Nº.	Project Name	Description	Start Date	Completion Date	Total Estimated Cost
1.	Victoria Street Market (VSM)	Roof and 1 st Floor reinstatement	01 July 2024	31 March 2025	R12 000 000

6. PUBLIC / PRIVATE PARTNERSHIPS

Not applicable to SEDFA at this stage.

PART D: TECHNICAL INDICATOR DESCRIPTIONS

1. PROGRAMME 1: ECOSYSTEM DEVELOPMENT AND MANAGEMENT

Indicator Title ES1.1	Small enterprises ecosystem effectiveness index (SEEEI)
Definition	<p>The SEEEI is a composite weighted indicator that measures the effectiveness of the small enterprise development ecosystem. It evaluates the performance and impact of the ecosystem through five dimensions: growth in registered ecosystem partners, service quality, sustainability of service providers, accessibility via omnichannel entry points, and growth in business development support (BDS), incubation, and financial services (FS) offerings.</p> <p><i>(These dimensions may change, and weightings adjusted over time).</i></p>
Source of data	<ul style="list-style-type: none"> Registration and reporting records of ecosystem partners. Surveys and feedback from small enterprises on service quality. Financial and operational reports of service providers. Omnichannel platform analytics and geographical spread data. Records of BDS, incubation, and FS offerings from ecosystem partners.
Method of calculation or assessment	<p>SEEEI=w1·GEP+w2·QSP+w3·FOS+w4·OCA+w5·GSF</p> <p>Where,</p> <ul style="list-style-type: none"> GEP: Growth in Ecosystem Partners (% increase in registered and reporting partners). QSP: Quality of Services Provided (average satisfaction score or rating). FOS: Financial and Operational Sustainability (% of sustainable service providers). OCA: Omnichannel Accessibility (weighted score based on number, geographical spread, and seamlessness of entry points). GSF: Growth in Services Offered (BDS, incubation, and FS % increase). w1, w2, w3, w4, w5: Weights assigned to each dimension based on its relative importance to ecosystem effectiveness.
Assumptions	<ul style="list-style-type: none"> Methodology and reporting tools will be established in year one, and progress assessed annually. Registered ecosystem partners accurately report data and adhere to reporting standards. Beneficiary feedback and surveys reflect the true quality of services. Service providers' financial and operational data are reliable and timely. Omnichannel data capture is robust and captures geographical reach comprehensively. Growth in services offered aligns with ecosystem development priorities.
Disaggregation of beneficiaries (where applicable)	<p>Data is disaggregated by:</p> <ul style="list-style-type: none"> Women, youth, and persons with disabilities Location (urban, township, rural). Business size (micro, small, medium).

Spatial transformation (where applicable)	Focus on services offered in township and rural areas, measuring the geographical spread and inclusivity of ecosystem interventions.
Desired performance	Higher than targeted performance is desired
Indicator responsibility	Executive: Ecosystem and Stakeholder Management

Indicator Title ES1.2.	Number of registered ecosystem partners onboarded annually
Definition	<ul style="list-style-type: none"> ▪ The total number of ecosystem partners formally registered and onboarded into SEDFA's support network within a financial year. ▪ Ecosystem partners include business development service providers, financial institutions, incubators, accelerators, and other relevant stakeholders that support small enterprise development.
Source of Data	<ul style="list-style-type: none"> ▪ Signed partnership agreements or MoUs ▪ Partner registration records and onboarding documentation ▪ Reports from the partnership management team
Method of Calculation / Assessment	<i>A simple count of the number of ecosystem partners that have been formally registered and onboarded during the reporting period.</i>
Means of Verification	<ul style="list-style-type: none"> ▪ Signed agreements or MoUs with ecosystem partners ▪ Confirmation emails or letters indicating successful onboarding ▪ Internal database or system records of registered partners ▪ Reports from the stakeholder engagement unit
Assumptions	<ul style="list-style-type: none"> ▪ Ecosystem partners meet the eligibility criteria for onboarding ▪ Effective outreach and engagement strategies are in place to attract partners ▪ Partners actively participate in the support ecosystem for small enterprises
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ 40% women, ▪ 30% youth, and ▪ 3% persons with disabilities
Spatial Transformation	Monitor and report on spatial/geographic disaggregation of ecosystem support: 25% townships, 25% rural, and equitable district distribution.
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Executive: Ecosystem and Stakeholder Management

Indicator Title ES2.1.	Number of intermediaries capacitated
Definition	The total number of financial or non-financial intermediaries that have been provided capacity-building support.
Source of Data	Training reports, attendance registers, signed agreements, capacity-building programme records, and feedback or evaluation forms from participating intermediaries.
Method of Calculation / Assessment	<i>A simple count of the number of intermediaries that have completed a structured capacity-building intervention, including training sessions, mentorship support, funding support, or technical assistance, within the reporting period.</i>
Means of Verification	<ul style="list-style-type: none"> Attendance registers or participation records. Training completion certificates. Signed agreements or MoUs with intermediaries. Reports from trainers, mentors, or program facilitators. Pre- and post-training assessments or feedback surveys.
Assumptions	<ul style="list-style-type: none"> Intermediaries fully participate in and complete the capacity-building initiatives. The training and / or other support provided effectively enhance the capacity of intermediaries. Accurate and timely reporting of capacitated intermediaries.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> 40% women, 30% youth, and 3% persons with disabilities
Spatial Transformation	Monitor and report on spatial/geographic disaggregation of ecosystem support: 25% townships, 25% rural, and equitable district distribution.
Calculation Type	Cumulative (year-to-date)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Executive: Ecosystem and Stakeholder Management

Indicator Title ES3.1.	Number of women entrepreneurs supported
Definition	<ul style="list-style-type: none"> This indicator will measure the provision of targeted initiatives including mentorship, funding, and business development to support women entrepreneurs, fostering their growth and success. SEDFA efforts aim to enhance female participation in business and entrepreneurship.
Source of Data	<ul style="list-style-type: none"> e-Thuse

	<ul style="list-style-type: none"> ▪ sefaLAS ▪ Reports on support interventions provided to women entrepreneurs
Method of Calculation / Assessment	<i>A numerical count of women entrepreneurs supported through investment readiness, funding and business development support interventions during the reporting period.</i>
Means of Verification	<ul style="list-style-type: none"> ▪ Manager approved intervention, or ▪ Manager approved assessment, or ▪ Signed attendance registers for training participation, or ▪ Progress reports detailing mentorship and other business development support interventions, or ▪ Register of approved funding with allocation to women entrepreneurs.
Assumptions	<ul style="list-style-type: none"> ▪ Targeted female beneficiaries fully participate in support interventions provided by SEDFA. ▪ Partners actively participate in the support ecosystem for small enterprises.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ 40% women, ▪ 30% youth, and ▪ 3% persons with disabilities
Spatial Transformation	Monitor and report on spatial/geographic disaggregation of ecosystem support: 25% townships, 25% rural, and equitable district distribution.
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	HOD: Pre-Investment Group Executive Business Development Services

Indicator Title ES4.1.	Percentage stakeholder satisfaction with the quality of ecosystem services
Definition	<ul style="list-style-type: none"> ▪ The percentage of stakeholders who express satisfaction with the quality of ecosystem facilitation services provided by SEDFA. ▪ These services include coordination, collaboration, and support mechanisms that enhance the small enterprise development ecosystem.
Source of Data	Stakeholder satisfaction surveys, feedback forms, interviews, focus group discussions, and stakeholder engagement reports.
Method of Calculation / Assessment	<i>(Total number of stakeholders surveyed / Number of stakeholders satisfied) X 100</i>
Means of Verification	<ul style="list-style-type: none"> ▪ Completed stakeholder satisfaction survey reports. ▪ Raw survey response data. ▪ Meeting minutes and feedback reports from stakeholder engagements.

	<ul style="list-style-type: none"> Independent third-party evaluation reports (if applicable).
Assumptions	<ul style="list-style-type: none"> Stakeholders provide honest and unbiased feedback. The survey sample is representative of the broader stakeholder group. The assessment criteria for satisfaction are clear and consistently applied.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> 40% women, 30% youth, and 3% persons with disabilities
Spatial Transformation	Monitor and report on spatial/geographic disaggregation of ecosystem support: 25% townships, 25% rural, and equitable district distribution.
Calculation Type	Non-cumulative
Reporting Cycle	Annually
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Executive: Ecosystem and Stakeholder Management

Indicator Title ES5.1.	Percentage of registered ecosystem partners reporting on the Centralised Technology Platform
Definition	<ul style="list-style-type: none"> This indicator will track the percentage of registered ecosystem partners that submit reports on the Centralised Technology Platform within the required reporting period. The aim is to ensure registered ecosystem partners actively report on the Centralised Technology Platform.
Source of Data	Reports submitted on the Centralised Technology Platform, system-generated records of submissions, partner registration database, and compliance monitoring reports.
Method of Calculation / Assessment	<i>(Number of registered ecosystem partners who submitted reports on the Centralised Technology Platform / Total number of ecosystem partners) x 100</i>
Means of Verification	<ul style="list-style-type: none"> System-generated reports indicating submission status. Partner registration database records. Logs of reporting activity within the Centralised Technology Platform.
Assumptions	<ul style="list-style-type: none"> All registered ecosystem partners have access to and are capable of reporting on the Centralised Technology Platform. The reporting system is functional and accessible throughout the reporting period. Ecosystem partners understand and comply with reporting requirements.
Disaggregation of Beneficiaries	Not applicable.

Spatial Transformation	The reporting data collected via the Centralised Technology Platform should support spatial transformation by providing insights into enterprise support in different geographic areas, particularly underserved regions.
Calculation Type	Cumulative (Year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Executive: Ecosystem and Stakeholder Management

Indicator Title ES5.2.	Number of national spatial maps of ecosystem providers published
Definition	The total number of national spatial maps that identify and categorise ecosystem providers supporting small enterprise development, published during the reporting period.
Source of Data	<ul style="list-style-type: none"> Geographic Information System (GIS) data. Reports from government agencies and ecosystem stakeholders. Stakeholder engagement inputs. Internal research and mapping studies.
Method of Calculation / Assessment	<i>A simple count of the number of national spatial maps developed, finalised, and made publicly available within the reporting period.</i>
Means of Verification	<ul style="list-style-type: none"> Copies of published spatial maps GIS files and datasets Reports detailing the methodology and sources used in mapping Official publication or dissemination records
Assumptions	<ul style="list-style-type: none"> Data from ecosystem providers is available and accurate. Stakeholders actively participate in the mapping process. The maps are published and accessible to relevant stakeholders.
Disaggregation of Beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation Type	Cumulative (year-end)
Reporting Cycle	Annually
Desired Performance	Targeted performance is desired
Indicator Responsibility	Executive: Ecosystem and Stakeholder Management

Indicator Title ES5.3.	Develop and implement Corporate Communication and Marketing Strategy, including measurement instruments to assess SEDFA's visibility
Definition	This indicator tracks the development and execution of a comprehensive Corporate Communication and Marketing Strategy for SEDFA, aimed at enhancing brand awareness, stakeholder engagement, and institutional visibility. It includes the creation and implementation of measurement tools to assess the effectiveness of communication efforts, and SEDFA brand visibility.
Source of Data	<ul style="list-style-type: none"> ▪ Approved Corporate Communication and Marketing Strategy ▪ Implementation reports ▪ Media monitoring and analytics reports ▪ Stakeholder engagement feedback ▪ Brand visibility assessment reports
Method of Calculation / Assessment	<ul style="list-style-type: none"> ▪ Confirmation of strategy development and approval ▪ Execution of planned communication and marketing activities ▪ Assessment of media reach, public engagement, and stakeholder perception Annual evaluation of visibility metrics
Means of Verification	<ul style="list-style-type: none"> ▪ Signed and approved Corporate Communication and Marketing Strategy ▪ Implementation progress reports ▪ Media analytics and social media performance reports ▪ Surveys or perception studies on SEDFA's visibility
Assumptions	<ul style="list-style-type: none"> ▪ Adequate budget and resources for implementation
Disaggregation of Beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Targeted performance is desired
Indicator Responsibility	Executive: Ecosystem and Stakeholder Management

2. PROGRAMME 2: BUSINESS DEVELOPMENT SERVICES

PRE-INVESTMENT SUPPORT

Indicator Title BD1.1.	Number of informal small enterprises provided with formalisation support
Definition	<ul style="list-style-type: none"> Supporting informal businesses is crucial for economic recovery, as their formalisation through structured assistance enables them to contribute more meaningfully to economic growth. The aim is to support informal small enterprises in transitioning to formal status through structured assistance by leveraging the ecosystem for resources.
Source of Data	<ul style="list-style-type: none"> e-Thuse sefaLAS Reports on formalisation support interventions provided to informal small enterprises
Method of Calculation / Assessment	<p><i>A numerical count of informal small enterprises provided with formalisation support.</i></p> <p>Existing formal small enterprises supported by SEDFA should not be counted as achievement.</p>
Means of Verification	<ul style="list-style-type: none"> Training attendance registers, completion certificates or record of participation in mentorship and other business development support programmes by informal small enterprises. Records of business registration support. Records of funding support provided. Pre- and post-investment assessments.
Assumptions	Active participation in targeted formalisation interventions by informal small enterprises.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of support interventions.
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title BD2.1.	Number of potential entrepreneurs reached through entrepreneurship awareness and promotion
Definition	<ul style="list-style-type: none"> 'People' refers to potential SMMEs and Co-operatives. People who have an interest in starting a small business, including those who have started businesses are given business related information and guidance in starting

	<p>and managing their businesses. People who attended a SEDFA organised session/event and taken through a SEDFA workbook.</p> <ul style="list-style-type: none"> People who attended a SEDFA organised session/event whereby business-related information and guidance in starting and managing a business is provided.
Source of Data	e-Thuse
Method of Calculation / Assessment	<p>A numerical count of people who attended an entrepreneurship event.</p> <p>SEDFA employees including stakeholders should not be counted as achievement</p>
Means of Verification	List of attendees
Assumptions	Potential entrepreneurs who have an interest in starting a business have been identified
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions.
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title BD3.1.	Number of township and rural based small enterprises supported with business development
Definition	<p>Township and rural businesses supported refers to business development support offered to businesses operating in the township and rural areas.</p> <p>Township and rural based businesses are supported with needs-based assessments and interventions to enable them to grow and be sustainable.</p>
Source of Data	e-Thuse
Method of Calculation / Assessment	<p><i>A numerical count of needs-based business assessments reports and business development interventions offered to SMMEs and Cooperatives operating in township and rural areas.</i></p> <p>Urban-based businesses should not be counted as achievement</p>
Means of Verification	<ul style="list-style-type: none"> Manager approved intervention, or Manager approved assessment
Assumptions	Township and rural businesses needs are identified

Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions.
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services HOD: Pre-Investment

Indicator Title BD3.2.	Number of youth-owned small enterprises supported to access funding
Definition	<ul style="list-style-type: none"> Youth owned enterprises supported refers to business development support offered to youth owned businesses. Youth owned businesses that are supported with needs-based assessments and interventions to enable them to grow and be sustainable. Needs-based interventions provided to youth will include access to information, business registration, business planning, compliance, access to finance interventions, HR interventions, legal interventions and pre-funding support. (Any other relevant interventions that are not listed in the other indicators)
Source of Data	<ul style="list-style-type: none"> e-Thuse sefaLAS
Method of Calculation / Assessment	<i>A numerical count of needs-based business assessments reports and business development interventions offered to youth owned SMMEs and Cooperatives.</i>
Means of Verification	<ul style="list-style-type: none"> Manager approved intervention, or Manager approved assessment
Assumptions	Youth owned businesses needs are identified
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of funding and non-financial support interventions.
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired

Indicator Responsibility	Group Executive Business Development Services HOD: Pre-Investment
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Indicator Title BD3.3.	Number of small enterprises supported with business development services in urban areas
Definition	<ul style="list-style-type: none"> Business development supported refers to prioritising businesses based in urban areas with non-financial interventions. Urban-based businesses are supported with needs-based assessments and interventions to enable them to grow and be sustainable.
Source of Data	e-Thuse
Method of Calculation / Assessment	<p><i>A numerical count of business assessments reports and business development interventions offered to SMMEs and Cooperatives operating in urban areas.</i></p> <p>Township and Rural businesses should not be counted as achievement</p>
Means of Verification	<ul style="list-style-type: none"> Manager approved intervention, or Manager approved assessment
Assumptions	SMMEs and Cooperatives in urban areas are ready to receive business development interventions.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title BD4.1.	Number of co-operative enterprises supported with business development
Definition	Cooperatives that are supported through the Co-operative Development Support Programme with machinery, equipment, tools, raw materials, stock, commercial vehicles, and other related support directly linked to the core function of the business
Source of Data	<ul style="list-style-type: none"> e-Thuse Approved annual co-operative training calendar and attendance registers

Method of Calculation / Assessment	<i>A numerical count of Cooperatives assisted through the Cooperative Development Support Programme</i> SMMEs should not be assisted or counted as achievement under this programme
Means of Verification	<ul style="list-style-type: none"> Co-operatives Development Support Programme Approval Letter, or Co-operatives Development Support Programme Approval Report, or Approved adjudication minutes
Assumptions	Co-operatives are ready to be assisted with the Co-operative Development Support Programme
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title BD5.1.	Number of small enterprises supported through the incubation programme
Definition	<ul style="list-style-type: none"> The intention of this indicator is to support SMMEs and Cooperatives to develop their products and skills to sustain their businesses during the early stages of formation. Various business development interventions are offered, which includes technical training, business management support, mentorship and coaching, and other necessary business development support
Source of Data	<ul style="list-style-type: none"> Incubation files, or e-Thuse
Method of Calculation / Assessment	<i>A numerical count of SMMEs and Cooperatives that are participating in the incubation programme</i>
Means of Verification	<ul style="list-style-type: none"> Incubation contract, or Growth Wheel Assessment Report, or Any SEDFA approved assessment report
Assumptions	SMMEs and Cooperatives are ready to be incubated through the incubation programme

Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title ES5.1.	Number of jobs created by small enterprises supported in the pre-investment stage
Definition	Jobs created relates to businesses who have created new jobs post SEDFA's intervention. Businesses are provided with various interventions to enable them to grow and create new jobs.
Source of Data	<ul style="list-style-type: none"> e-Thuse, or Incubation files, or Quality and TTA files
Method of Calculation / Assessment	<p><i>A numerical count of the number of new jobs created by supported small enterprises</i></p> <p>Total number of new jobs after intervention vs jobs at pre-intervention</p> <p>Businesses who have not created new jobs should not be counted as achievement</p>
Means of Verification	<ul style="list-style-type: none"> Improvement assessment forms, or Confirmation of employees (pre and post interventions), or Jobs created calculations, or Manager approved improvement assessment
Assumptions	Small enterprises are supported to create jobs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly

Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive Business Development Services HOD: Pre-Investment

Indicator Title ES5.2.	Number of jobs sustained by small enterprises supported in the pre-investment stage
Definition	Enterprises that are sustaining existing jobs after receiving business support
Source of Data	e-Thuse
Method of Calculation / Assessment	<i>A numerical count of SMMEs and Cooperatives who have sustained existing jobs</i> Businesses who have not sustained existing jobs over the reporting period should not be counted as achievement
Means of Verification	<ul style="list-style-type: none"> Improvement assessment forms, or Confirmation of employees (pre- and post-interventions), or Jobs sustained calculations Manager approved improvement assessment
Assumptions	Small enterprises are supported to sustain jobs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive Business Development Services HOD: Pre-Investment

POST-INVESTMENT SUPPORT

Indicator Title BD6.1.	Percentage collection rate (all-in-cash collections)
Definition	A measurement on actual quarterly collections against the quarterly collections target (collections due)
Source of Data	<ul style="list-style-type: none"> sefaLAS, or Swordfish

Method of Calculation / Assessment	<i>Quarterly receipts divided by instalment raised, expressed as a percentage</i>
Means of Verification	<ul style="list-style-type: none"> Verify data reported in sefaLAS / Swordfish
Assumptions	System availability.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of financial support interventions
Calculation Type	Cumulative (year-to-date)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title BD7.1.	Number of priority sector clients supported
Definition	<ul style="list-style-type: none"> Priority sectors refer to manufacturing and construction, digital and ICT, agriculture and agro-processing, automotive, mining, aquaculture, tourism and services as defined by the government. Businesses prioritised in this indicator have high growth potential as their turnover is R2 million and above.
Source of Data	<ul style="list-style-type: none"> e-Thuse
Method of Calculation / Assessment	<p><i>A numerical count of SMMEs and Cooperatives who are in the priority sector and have received interventions in their specific sectors.</i></p> <p>SMMEs and Cooperatives that are not in the priority sectors and whose turnover is below R2 million should not be counted as achievement.</p>
Means of Verification	<ul style="list-style-type: none"> Signed audited financial statements, or Tax Returns
Assumptions	There are enterprises in the priority sectors ready for support.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly

Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title BD8.1.	Number of clients supported with training, mentorship and coaching
Definition	<ul style="list-style-type: none"> Training, mentorship or coaching refers to businesses supported with business management and technical training individual or group coaching and mentorship. Businesses are supported with training, mentorship or coaching to improve their capabilities and skills. Interventions offered are targeting both technical and business management skills.
Source of Data	<ul style="list-style-type: none"> e-Thuse
Method of Calculation / Assessment	<p><i>A numerical count of SMMEs and Cooperatives supported through mentorship, training or coaching</i></p> <ul style="list-style-type: none"> SMMEs and Cooperatives who were not supported with training, mentorship or coaching should not be counted as achievement. Exhibition, export, productivity, and quality trainings should be counted in this indicator
Means of Verification	<ul style="list-style-type: none"> List of attendees, or Manager approved training, mentorship or coaching interventions.
Assumptions	SMMEs and Cooperatives are ready to receive training, mentorship or coaching.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> 40% women, 30% youth, and 3% persons with disabilities
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title BD9.1.	Number of clients supported with quality improvement interventions
Definition	<ul style="list-style-type: none"> Quality Improvement refers to businesses supported with product quality and quality systems improvement. SMMEs and Cooperatives are supported with quality interventions to enable them to expand their markets.

	<ul style="list-style-type: none"> Quality improvement includes, product testing and conformity assessment, QMS implementation, quality certification, continual quality improvement initiatives, including other quality related interventions and product development.
Source of Data	<ul style="list-style-type: none"> e-Thuse, or Client reports / files
Method of Calculation / Assessment	<p><i>A numerical count of SMMEs and Cooperatives who have been supported with quality improvement interventions</i></p> <p>SMMEs and Cooperatives that are not supported to improve their product quality and quality systems should not be reported</p>
Means of Verification	<ul style="list-style-type: none"> Service level agreements and completion forms (quality interventions), or List of SMMEs approved for quality intervention and client reports / files, or Manager approved intervention
Assumptions	Identified clients are ready to receive interventions
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> 40% women, 30% youth, and 3% persons with disabilities
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	<p>Group Executive Business Development Services:</p> <p>HOD: Pre-Investment</p>

Indicator Title BD9.2.	Number of clients supported with productivity improvement interventions
Definition	<ul style="list-style-type: none"> Productivity Improvement refers to businesses supported with productivity improvement and production efficiency. SMMEs and Cooperatives are supported with productivity interventions to enable them to become efficient. Productivity improvement includes production analysis, production layout, ergonomics studies, work studies, production optimisation techniques, waste management, continuous improvement techniques, lean manufacturing, and other productivity related interventions.
Source of Data	<ul style="list-style-type: none"> Productivity Improvement files, or e-Thuse
Method of Calculation / Assessment	<p><i>A numerical count of SMMEs and Cooperatives who have been supported with productivity improvement interventions</i></p>

	SMMEs and Cooperatives that are not supported to improve their productivity should not be reported
Means of Verification	<ul style="list-style-type: none"> Service level agreements and completion forms (productivity improvement interventions), or List of small enterprises attending productivity workshops, or Manager approved intervention.
Assumptions	Identified clients are ready to receive productivity improvement interventions.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> 40% women, 30% youth, and 3% persons with disabilities
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title BD10.1.	Number of small enterprises supported with local market readiness interventions
Definition	<ul style="list-style-type: none"> Local markets readiness support refers to SMMEs and Cooperatives supported with interventions and other activities that will enable them to participate in local markets. Interventions may include, among others, assessments, marketing support, digital support, exhibitions, pop-up markets, and any other interventions aimed at expanding their access to South African markets.
Source of Data	<ul style="list-style-type: none"> e-Thuse
Method of Calculation / Assessment	<p><i>A numerical count of SMMEs and Cooperatives supported with readiness to access local markets</i></p> <p>SMMEs and Cooperatives assisted with international markets readiness should not be reported under this indicator</p>
Means of Verification	<ul style="list-style-type: none"> Manager approved intervention, or Manager approved assessment
Assumptions	SMMEs and Cooperatives are ready to receive market readiness support
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%

Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title BD10.2.	Number of small enterprises supported with export readiness interventions
Definition	<ul style="list-style-type: none"> International markets readiness refers to businesses supported with export interventions to access international markets. SMMEs and Cooperatives are supported with export assessment and export interventions to enable them to effectively participate in international markets.
Source of Data	<ul style="list-style-type: none"> e-Thuse
Method of Calculation / Assessment	<p><i>A numerical count of SMMEs and Cooperatives supported with interventions that will assist them to become ready to supply international markets</i></p> <p>SMMEs and Cooperatives assisted with local markets readiness should not be reported under this indicator</p>
Means of Verification	<ul style="list-style-type: none"> Manager approved intervention, or Manager approved assessment
Assumptions	SMMEs and Cooperatives are ready to receive international market readiness support
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title BD10.3.	Number of small enterprises linked to local markets
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Definition	SMMEs and Cooperatives who are supported with interventions which enables them to obtain once off and/or time-based contracts to supply goods and services to clients in the South African market.
Source of Data	<ul style="list-style-type: none"> ▪ e-Thuse
Method of Calculation / Assessment	<i>A numerical count of SMMEs and Cooperatives supported with interventions that enable them to access local markets</i>
Means of Verification	<ul style="list-style-type: none"> ▪ Manager approved intervention or ▪ Manager approved assessment, or ▪ Service level agreements with buyers/wholesalers, retailers, corporates, etc, or ▪ Supplier contracts, or ▪ Store listing to supply products or services.
Assumptions	SMMEs and Cooperatives are ready to be linked to local markets
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Women: 45% ▪ Youth: 30% ▪ Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> ▪ 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title ES5.3.	Number of jobs created by small enterprises supported in the post-investment stage
Definition	<ul style="list-style-type: none"> ▪ Jobs created relates to businesses who have created new jobs post SEDFA's intervention. ▪ Businesses are provided with various interventions to enable them to grow and create new jobs.
Source of Data	<ul style="list-style-type: none"> ▪ e-Thuse ▪ sefaLAS
Method of Calculation / Assessment	<p><i>A numerical count of SMMEs and Cooperatives in the post-investment stage who have created new jobs</i></p> <p>This requires a comparison between the total number of new jobs created by small enterprises following SEDFA's intervention against existing jobs at pre-intervention stage.</p>

	Businesses who have not created new jobs should not be counted as achievement
Means of Verification	<ul style="list-style-type: none"> Improvement assessment forms, or Confirmation of employees (pre and post interventions), or Jobs created calculations, or Manager approved improvement assessment.
Assumptions	SMMEs and Cooperatives are supported to create jobs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title ES5.4.	Number of jobs sustained by small enterprises supported in the post-investment stage
Definition	Enterprises that are sustaining existing jobs after receiving business support.
Source of Data	<ul style="list-style-type: none"> e-Thuse sefaLAS
Method of Calculation / Assessment	<p><i>A numerical count of SMMEs and Cooperatives who have sustained existing jobs in the post-investment stage</i></p> <p>Businesses who have not sustained jobs should not be counted as achievement</p>
Means of Verification	<ul style="list-style-type: none"> Improvement assessment forms, or Confirmation of employees (pre and post interventions), or Jobs sustained calculations, or Manager approved improvement assessment
Assumptions	SMMEs and Cooperatives are supported to sustain jobs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of support interventions

Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

CO-OPERATIVE BANKING SUPPORT AND ADVANCEMENT

Indicator Title CB1.1.	Percentage of CBIs digitised
Definition	This indicator refers to the digitisation of CBIs to enable SEDFA to have a digitised and integrated mechanism of managing the CBIs and to avoid extending financial resources to each CBI to acquire the system.
Source of Data	Project plans, projects monitoring reports and signoffs
Method of Calculation / Assessment	Progress reports as per project plan (qualitative)
Means of Verification	<ul style="list-style-type: none"> ▪ Project plans ▪ Project Reports ▪ Signoffs
Assumptions	An implementation service provider will be acquired as planned.
Disaggregation of Beneficiaries	Prioritising financial inclusion, capacity building, and tailored cooperative banking solutions to enhance access for women, youth, and persons with disabilities, thereby promoting their economic participation and empowerment.
Spatial Transformation	CBI development and advancement is done in alignment with DDM priorities, with a focus on expanding co-operative banking access in rural and township areas
Calculation Type	Non-cumulative (year-end)
Reporting Cycle	Annual
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title CB2.1.	Number of CBIs supported to access funding
Definition	<ul style="list-style-type: none"> ▪ A measurement, against the set target, of the number of CBIs financed through all direct and indirect funding programmes. ▪ NOTE: Count first disbursement to or first instance of each CBI (i.e., unique identity number and unique company registration number of the beneficiary or end user) per financial year.

Source of Data	Progress reports detailing the number of CBIs financed through direct and indirect funding programmes.
Method of Calculation / Assessment	CCYY-YY Achievement = Count (Q1 Actual + Q2 Actual + Q3 Actual + Q4 Actual) of number of CBIs financed (first disbursements)
Means of Verification	A numerical count of the number of CBIs financed through direct and indirect funding programmes.
Assumptions	Availability of CBIs ready to receive funding support.
Disaggregation of Beneficiaries	Prioritising financial inclusion, capacity building, and tailored cooperative banking solutions to enhance access for women, youth, and persons with disabilities, thereby promoting their economic participation and empowerment.
Spatial Transformation	CBI development and advancement is done in alignment with DDM priorities, with a focus on expanding co-operative banking access in rural and township areas
Calculation Type	Non-cumulative (year-end)
Reporting Cycle	Annual
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title CB3.1.	Percentage of CBIs accessing the National Payment System
Definition	This indicator measures the proportion of CBIs that have gained access to the National Payment System (NPS) to facilitate financial transactions and improve their service delivery.
Source of Data	Reports from regulatory authorities, CBI registration records, system access logs, and confirmation from payment system operators.
Method of Calculation / Assessment	<p><i>Percentage of CBIs accessing the NPS = (Number of CBIs with NPS access / Total number of CBIs) x 100</i></p> <p>A percentage-based calculation derived from the total number of CBIs that have successfully integrated into the NPS relative to the total number of registered CBIs.</p>
Means of Verification	<ul style="list-style-type: none"> Official records from the relevant regulatory body confirming NPS access SEDFA reports System access logs or confirmation from payment system operators. Formal agreements between CBIs and payment system providers.
Assumptions	<ul style="list-style-type: none"> CBIs meet the regulatory and technical requirements to access the NPS. There is demand and willingness among CBIs to integrate with the NPS. The necessary infrastructure and support for onboarding CBIs to the NPS are available.

Disaggregation of Beneficiaries	Prioritising financial inclusion, capacity building, and tailored cooperative banking solutions to enhance access for women, youth, and persons with disabilities, thereby promoting their economic participation and empowerment.
Spatial Transformation	CBI development and advancement is done in alignment with DDM priorities, with a focus on expanding co-operative banking access in rural and township areas
Calculation Type	Non-cumulative (year-end)
Reporting Cycle	Annual
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title CB4.1.	Number of new CBIs established
Definition	<p>The indicator measures the number of newly established Community-Based Initiatives (CBIs) that have been formally registered and operationalised within the reporting period.</p> <p>The establishment of the CBI must comply with Prudential Authority (PA) regulatory requirements under the South African Reserve Bank (SARB).</p>
Source of Data	<ul style="list-style-type: none"> Registration documents of new CBIs Stakeholder engagement reports CBI establishment progress reports PA compliance reports (where applicable)
Method of Calculation / Assessment	Simple count of newly established CBIs within the reporting period
Means of Verification	<ul style="list-style-type: none"> Approved registration certificates or official recognition document issued by the PA System-generated records of new CBIs
Assumptions	<ul style="list-style-type: none"> CBIs meet regulatory requirements and obtain PA approvals where applicable
Disaggregation of Beneficiaries	By gender, age, and geographic location where applicable
Spatial Transformation	CBI development and advancement is done in alignment with DDM priorities, with a focus on expanding co-operative banking access in rural and township areas
Calculation Type	Cumulative (year-to-date)
Reporting Cycle	Annual
Desired Performance	Achievement of targeted performance or higher is desired

Indicator Responsibility	Group Executive: Business Development Services
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3. PROGRAMME 3: LENDING AND INVESTMENT

Indicator Title LI1.1.	Value of approvals to small enterprises through the Development Fund (R'000)
Definition	<ul style="list-style-type: none"> A measurement, against the set target, of the Rand amount of application approvals for the different loan types. Approval is recognised when the delegated committee approves the application.
Source of Data	<ul style="list-style-type: none"> sefaLAS Modules – applications management
Method of Calculation / Assessment	<i>CCYY-YY Achievement = (Q1 Actual + Q2 Actual + Q3 Actual + Q4 Actual) of Total approvals through Wholesale and Direct Lending portfolios</i>
Means of Verification	<ul style="list-style-type: none"> sefaLAS reports Modules – applications management
Assumptions	Readiness of small enterprises to receive support through the Development Fund
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Chief Investment Officer

Indicator Title LI1.2.	Value of disbursements to small enterprises through the Development Fund (R'000)
Definition	<ul style="list-style-type: none"> A measurement, against the set target, of the Rand amount of disbursements, through the different loan types and credit guarantees issued to end users (beneficiaries) through Direct Lending and intermediaries' channels. The disbursement amount is the amount approved as per the decision record exclusive of the client initiation fees and VAT.

Source of Data	<ul style="list-style-type: none"> ▪ sefaLAS ▪ Intermediary Portal
Method of Calculation / Assessment	CCYY-YY Achievement = (Q1 Actual + Q2 Actual + Q3 Actual + Q4 Actual) of Total Disbursements through Wholesale and Direct Lending portfolios
Means of Verification	<ul style="list-style-type: none"> ▪ sefaLAS ▪ Intermediary Portal
Assumptions	Readiness of small enterprises to receive support through the Development Fund.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Women: 45% ▪ Youth: 30% ▪ Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> ▪ 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Chief Investment Officer

Indicator Title LI.1.3.	Number of small enterprises financed through the Development Fund
Definition	<ul style="list-style-type: none"> ▪ A measurement, against the set target, of the number of SMMEs and co-operatives financed through the development fund. ▪ NOTE: Count first disbursement to or first instance of each SMME or co-operative (i.e., unique identity number and unique company registration number of the beneficiary or end user) per financial year.
Source of Data	<ul style="list-style-type: none"> ▪ sefaLAS ▪ Intermediary Portal
Method of Calculation / Assessment	CCYY-YY Achievement = Count (Q1 Actual + Q2 Actual + Q3 Actual + Q4 Actual) of number of SMMEs and co-operatives financed (first disbursements)
Means of Verification	<ul style="list-style-type: none"> ▪ sefaLAS and Intermediary Portal reports
Assumptions	Readiness of small enterprises to receive support through the Development Fund.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Women: 45% ▪ Youth: 30% ▪ Persons with disabilities: 2%

Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Chief Investment Officer

Indicator Title LI.2.1.	Value of approvals to small enterprises through the Commercial Fund (R'000)
Definition	<ul style="list-style-type: none"> A measurement, against the set target, of the Rand amount of application approvals for the different loan types. Approval is recognised when the delegated committee approves the application.
Source of Data	<ul style="list-style-type: none"> sefaLAS Intermediary Portal
Method of Calculation / Assessment	CCYY-YY Achievement = (Q1 Actual + Q2 Actual + Q3 Actual + Q4 Actual) of Total approvals through Wholesale and Direct Lending portfolios
Means of Verification	sefaLAS and Intermediary Portal reports
Assumptions	Readiness of small enterprises to receive support through the Commercial Fund.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Chief Investment Officer

Indicator Title LI.2.2.	Value of disbursements to small enterprises through the Commercial Fund (R'000)
Definition	<ul style="list-style-type: none"> A measurement, against the set target, of the Rand amount of disbursements, through the different loan types and credit guarantees issued to end users (beneficiaries) through Direct Lending and intermediaries' channels.

	<ul style="list-style-type: none"> The disbursement amount is the amount approved as per the decision record exclusive of the client initiation fees and VAT.
Source of Data	<ul style="list-style-type: none"> sefaLAS Intermediary Portal
Method of Calculation / Assessment	CCYY-YY Achievement = (Q1 Actual + Q2 Actual + Q3 Actual + Q4 Actual) of Total Disbursements through Wholesale and Direct Lending portfolios.
Means of Verification	sefaLAS and Intermediary Portal reports
Assumptions	Readiness of small enterprises to receive support through the Commercial Fund.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Chief Investment Officer

Indicator Title LI.2.3.	Number of small enterprises financed through the Commercial Fund
Definition	<ul style="list-style-type: none"> A measurement, against the set target, of the number of SMMEs and co-operatives financed through all loan programmes and credit guarantees. NOTE: Count first disbursement to or first instance of each SMME or co-operative (i.e., unique identity number and unique company registration number of the beneficiary or end user) per financial year.
Source of Data	sefaLAS
Method of Calculation / Assessment	CCYY-YY Achievement = Count (Q1 Actual + Q2 Actual + Q3 Actual + Q4 Actual) of number of SMMEs and co-operatives financed (first disbursements)
Means of Verification	sefaLAS reports
Assumptions	Readiness of small enterprises to receive support through the Commercial Fund.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of support interventions
Calculation Type	Cumulative (year-end)

Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Chief Investment Officer

Indicator Title LI.3.1.	Value of credit guarantees taken up by small enterprise borrowers (R'000)
Definition	<ul style="list-style-type: none"> A measurement, against the set target, of the Rand amount of credit guarantees taken up by small enterprises for the different loan types. Take up is recognised when the delegated committee approves the application.
Source of Data	Modules – applications management
Method of Calculation / Assessment	<i>CCYY-YY Achievement = (Q1 Actual + Q2 Actual + Q3 Actual + Q4 Actual) of Total credit guarantees taken up</i>
Means of Verification	Modules – applications management
Assumptions	None
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Head of Khula Credit Guarantee

Indicator Title LI.4.1.	Value of supplier guarantees taken up by small enterprise borrowers (R'000)
Definition	A measurement, against the set target, of the Rand amount of supplier guarantees issued and utilised by small enterprise borrowers to secure goods or services from suppliers, facilitated through guarantee schemes.
Source of Data	<ul style="list-style-type: none"> Guarantee agreements issued to small enterprise borrowers. Reports from financial institutions and suppliers. Payment and utilisation records of guarantees. Beneficiary records maintained by SEDFA.

Method of Calculation / Assessment	<i>CCYY-YY Achievement = (Q1 Actual + Q2 Actual + Q3 Actual + Q4 Actual) of Total supplier guarantees through guarantee schemes</i>
Means of Verification	<ul style="list-style-type: none"> Signed supplier guarantee agreements. Financial records and transaction confirmations from financial institutions or suppliers. Statements from suppliers confirming the utilisation of guarantees. System-generated reports tracking guarantee disbursements and usage.
Assumptions	<ul style="list-style-type: none"> Small enterprises successfully utilize supplier guarantees to procure goods and services. Suppliers honour guarantees as per agreed terms. Financial institutions effectively administer and report on guarantees. Demand for supplier guarantees remains consistent with policy objectives.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> Women: 45% Youth: 30% Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Head of Khula Credit Guarantee

Indicator Title LI.4.2.	Number of small enterprises funded by PFIs at the back of the credit guarantee
Definition	The total number of small enterprises that received funding from PFIs as a result of the credit guarantee facility provided by SEDFA.
Source of Data	Reports submitted by PFIs, credit guarantee agreements, disbursement records, and beneficiary data verified by SEDFA.
Method of Calculation / Assessment	<i>A numerical count of the total number of small enterprises funded by PFIs during the reporting period where the credit guarantee was a contributing factor.</i>
Means of Verification	<ul style="list-style-type: none"> Verified reports from PFIs detailing the small enterprises funded. Signed credit guarantee agreements. Proof of funding disbursement records (e.g., loan agreements or transaction receipts). Beneficiary lists and supporting documents.

Assumptions	<ul style="list-style-type: none"> ▪ PFIs accurately report the small enterprises funded under the credit guarantee facility. ▪ Small enterprises utilise funding as intended for business development. ▪ Credit guarantee remains a key enabler for PFIs to fund small enterprises.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Women: 45% ▪ Youth: 30% ▪ Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> ▪ 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of non-financial support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Head of Khula Credit Guarantee

Indicator Title LI.5.1.	Turnaround time for direct lending (days)
Definition	The average number of days it takes to approve a Direct Lending application.
Source of Data	<ul style="list-style-type: none"> ▪ sefaLAS
Method of Calculation / Assessment	<ul style="list-style-type: none"> ▪ A numeric calculation of the number of days from receipt of a complete DL application to the approval phase in the loan management business process. ▪ A complete application refers to an application with supporting documents as defined in the loan eligibility criteria. Total number of business days per applications / Total number of applications for DL.
Means of Verification	<ul style="list-style-type: none"> ▪ sefaLAS
Assumptions	<ul style="list-style-type: none"> ▪ Availability of adequate resources and streamlined processes to ensure timely processing of DL applications.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Women: 45% ▪ Youth: 30% ▪ Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> ▪ 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of support interventions
Calculation Type	Non-cumulative
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or lower is desired

Indicator Responsibility	Chief Investment Officer
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Indicator Title LI.5.2.	Turnaround time for indirect lending (wholesale and credit guarantees) (days)
Definition	The average number of days it takes to approve an Indirect Lending application.
Source of Data	sefaLAS
Method of Calculation / Assessment	<ul style="list-style-type: none"> ▪ A numeric calculation of the number of days from receipt of a complete indirect lending application (wholesale and credit guarantees) to the approval phase in the loan management business process. ▪ A complete application refers to an application with supporting documents as defined in the loan eligibility criteria. Total number of business days per applications / Total number of applications for indirect lending support.
Means of Verification	<ul style="list-style-type: none"> ▪ sefaLAS
Assumptions	<ul style="list-style-type: none"> ▪ Availability of adequate resources and streamlined processes to ensure timely processing of indirect lending applications.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Women: 45% ▪ Youth: 30% ▪ Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> ▪ 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of support interventions
Calculation Type	Non-cumulative
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or lower is desired
Indicator Responsibility	Chief Investment Officer

Indicator Title ES.5.5.	Number of jobs created by small enterprises supported financially
Definition	<ul style="list-style-type: none"> ▪ Jobs created relate to businesses who have created new jobs post SEDFA's financial support interventions. ▪ Businesses are provided with various interventions to enable them to grow and create new jobs. ▪ Jobs created by supported small enterprises are based on approvals and information captured must align with the decision record. ▪ Jobs created by small enterprises supported financially are based on disbursements.
Source of Data	<ul style="list-style-type: none"> ▪ sefaLAS

Method of Calculation / Assessment	<ul style="list-style-type: none"> ▪ A numerical count of the jobs created by SMMEs and Cooperatives post SEDFA's interventions. ▪ The total number of new jobs after intervention is compared to the number of jobs at pre-intervention stage. ▪ Businesses who have not created new jobs should not be counted as achievement
Means of Verification	<ul style="list-style-type: none"> ▪ Improvement assessment forms, or ▪ Confirmation of employees (pre and post interventions), or ▪ Jobs created calculations, or ▪ Manager approved improvement assessment.
Assumptions	SMMEs and Cooperatives are supported to create jobs.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Women: 45% ▪ Youth: 30% ▪ Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> ▪ 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Chief Investment Officer

Indicator Title ES.5.6.	Number of jobs sustained by small enterprises supported financially
Definition	<ul style="list-style-type: none"> ▪ This indicator relates to small enterprises that are sustaining existing jobs after receiving SEDFA financial support. ▪ Jobs sustained by small enterprises supported financially are based on approvals and information captured must align with the decision record. ▪ Jobs sustained for are based on disbursements.
Source of Data	<ul style="list-style-type: none"> ▪ sefaLAS
Method of Calculation / Assessment	<ul style="list-style-type: none"> ▪ A numerical count of SMMEs and Cooperatives who have sustained existing jobs post the SEDFA financial support interventions. ▪ Businesses who have not sustained jobs should not be counted as achievement.
Means of Verification	<ul style="list-style-type: none"> ▪ Improvement assessment forms, or ▪ Confirmation of employees (pre and post interventions), or ▪ Jobs created calculations, or ▪ Manager approved improvement assessment.

Assumptions	SMMEs and Cooperatives are supported to sustain jobs.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Women: 45% ▪ Youth: 30% ▪ Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> ▪ 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Chief Investment Officer

Indicator Title ES.5.7.	Number of jobs sustained by small enterprises supported by PFIs at the back of the credit guarantee
Definition	Small enterprises that are sustaining existing jobs after receiving business support.
Source of Data	Intermediary Portal reports
Method of Calculation / Assessment	<ul style="list-style-type: none"> ▪ A numerical count of jobs sustained by small enterprises supported by PFIs at the back of the credit guarantee. ▪ Businesses who have not sustained jobs should not be counted as achievement.
Means of Verification	<ul style="list-style-type: none"> ▪ Improvement assessment forms, or ▪ Confirmation of employees (pre and post interventions), or ▪ Jobs sustained calculations, or ▪ Manager approved improvement assessment.
Assumptions	SMMEs and Cooperatives are supported by PFIs to sustain jobs.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Women: 45% ▪ Youth: 30% ▪ Persons with disabilities: 2%
Spatial Transformation	<ul style="list-style-type: none"> ▪ 25% townships, 25% rural, 50% needs-based, aligned to DDM priorities and equitable spread of support interventions
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired

Indicator Responsibility	Chief Investment Officer
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4. PROGRAMME 4: CAPITAL MANAGEMENT

Indicator Title CM1.1.	Rand value of additional capital raised (R'000)
Definition	<ul style="list-style-type: none"> Monitoring the Rand value amount of additional capital raised outside of SEDFA's MTEF allocation. The CFO consolidates, and reports organisationally, on capital raised by the Lending Division and Khula Business Premises.
Source of Data	ACCPAC
Method of Calculation / Assessment	<i>Sum of the additional capital amounts raised outside of the MTEF allocation</i>
Means of Verification	Review of bank statements and MOUs (Memorandum of Understanding) concluded
Assumptions	The Lending Division and Khula Business Premises secure the capital raising target set for their division
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Cumulative (year-end)
Reporting Cycle	Annually
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Chief Investment Officer

Indicator Title CM.1.2.	Rand value of private sector partnerships
Definition	The total Rand value of partnerships established with private sector entities to support small enterprise development and financing activities.
Source of Data	Partnership agreements, signed MoUs, contracts, and financial records from private sector entities.
Method of Calculation / Assessment	<i>The sum of all Rand amounts committed or contributed by private sector partners as recorded in signed agreements during the reporting period</i>
Means of Verification	<ul style="list-style-type: none"> Signed partnership agreements, MoUs, proof of financial contributions, and Official reports submitted by private sector partners.
Assumptions	<ul style="list-style-type: none"> Private sector partners fulfil financial commitments as agreed.

	<ul style="list-style-type: none"> ▪ Accurate and timely recording of financial contributions in relevant documentation. ▪ Partnerships directly align with the goals and mandate of the Small Enterprise Development and Finance Agency.
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Cumulative (year-end)
Reporting Cycle	Annually
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Chief Investment Officer

Indicator Title CM.2.1.	Blended first default rate
Definition	The proportion of loans (exposure weighted) that goes into ageing status 90+ days (i.e., non-performing loan) without servicing the loan
Source of Data	SEDFA historical information, sefaLAS Ageing Report
Method of Calculation / Assessment	Kaplan Meier Survival Analysis - Stratify sefa historical information data on months to default or months on book if data is right censored. Determine the likelihood that exposure survives past a given time period.
Means of Verification	Verify data reported in SEDFA historical information (\\sefafs\userdata\ECL) or sefaLAS Ageing Report
Assumptions	<ul style="list-style-type: none"> ▪ Average grace/moratorium period ▪ Kaplan Meier related assumptions about censoring
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Non-cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or lower is desired
Indicator Responsibility	Executive: Credit and Risk

Indicator Title CM.3.1.	Average accumulated impairment provision as a percentage of total loans and advances (Development Fund)
Definition	<ul style="list-style-type: none"> ▪ The expected loss on a financial instrument, based on the probability of the instrument not being repaid.

	<ul style="list-style-type: none"> The tracking of performance this indicator will focus on loans approved from 01 October 2024.
Source of Data	The loan book of SEDFA and other investments, as well as the outcomes of the IFRS 9 Impairment Model
Method of Calculation / Assessment	<i>Overall expected loss as a percentage of the Gross Loan Book (including equities and KLR, but excluding *Direct Lending Legacy Book and the old sefa legacy book and also excluding the impact of KCG capitalisation)</i>
Means of Verification	Verify data reported in quarterly management accounts
Assumptions	None
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Cumulative (year-to-date)
Reporting Cycle	Quarterly
Desired Performance	Lower than targeted performance is desirable
Indicator Responsibility	Chief Investment Officer / BDS / PIM

*The Direct Lending Legacy book refers to loans before 01 April 2016

Indicator Title CM.3.2.	Average accumulated impairment provision as a percentage of total loans and advances (Commercial Fund)
Definition	<ul style="list-style-type: none"> The expected loss on a financial instrument, based on the probability of the instrument not being repaid. The tracking of performance this indicator will focus on loans approved from 01 October 2024.
Source of Data	The loan book of SEDFA and other investments, as well as the outcomes of the IFRS 9 Impairment Model.
Method of Calculation / Assessment	<i>Overall expected loss as a percentage of the Gross Loan Book (including equities and KLR, but excluding *Direct Lending Legacy Book and the old sefa legacy book and also excluding the impact of KCG capitalisation)</i>
Means of Verification	Verify data reported in quarterly management accounts
Assumptions	None
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Cumulative (year-to-date)
Reporting Cycle	Quarterly

Desired Performance	Lower than targeted performance is desirable
Indicator Responsibility	Chief Investment Officer

*The Direct Lending Legacy book refers to loans before 01 April 2016

Indicator Title CM.4.1.	Rand value of specialised funds managed
Definition	The total value of specialised funds managed by SEDFA. Specialised funds refer to targeted financial resources allocated to support specific economic sectors, development objectives, or beneficiary groups, such as youth, women, or rural enterprises.
Source of Data	Financial management systems, fund performance reports, fund administration records, and audited financial statements.
Method of Calculation / Assessment	<ul style="list-style-type: none"> The calculation involves summing the total value of all active specialised funds under management for the reporting period. Formula: Sum = Σ (Value of Fund 1 + Value of Fund 2 + Value of Fund n).
Means of Verification	<ul style="list-style-type: none"> Audited fund financial statements. Monthly or quarterly fund performance reports. Evidence of fund contracts or agreements under SEDFA's management. Financial management system outputs.
Assumptions	<ul style="list-style-type: none"> Accurate financial records are maintained for all funds. Funds are actively managed and aligned with contractual obligations. No significant fund devaluation occurs during the reporting cycle.
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	The indicator supports spatial transformation by managing funds targeted at reducing inequality in marginalised and rural areas, fostering inclusive economic development across provinces.
Calculation Type	Non-cumulative
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Chief Investment Officer

5. PROGRAMME 5: CORPORATE SUPPORT SERVICES

Indicator Title CS1.1.	External Audit Opinion
Definition	AGSA audit opinion on the audit of previous year financial statements.

Source of Data	Final External Audit Report, signed by the AGSA, by the end of Q2 of the financial year.
Method of Calculation / Assessment	<i>Audit outcome contained in the External Audit Report from the AGSA on the audit of previous year's financial statements.</i>
Means of Verification	<ul style="list-style-type: none"> Final AGSA Audit Report
Assumptions	None
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Non-Cumulative
Reporting Cycle	Annual
Desired Performance	Unqualified external audit opinion
Indicator Responsibility	CFO / All Executives

Indicator Title CS2.1	Net asset value
Definition	<ul style="list-style-type: none"> The total value of the assets minus its liabilities, representing the organisation's financial position at a specific point in time.
Source of Data	<ul style="list-style-type: none"> Audited financial statements Balance sheets General ledger reports Asset registers
Method of Calculation / Assessment	<ul style="list-style-type: none"> NAV = Total Assets – Total Liabilities Total Assets include fixed assets, investments, receivables, and cash reserves. Total Liabilities include debts, obligations, and outstanding financial commitments.
Means of Verification	<ul style="list-style-type: none"> Audited financial statements approved by an independent auditor Quarterly and annual financial reports Asset and liability reconciliation reports
Assumptions	<ul style="list-style-type: none"> Accurate and timely recording of all assets and liabilities No significant unforeseen liabilities affecting the balance sheet Compliance with financial reporting standards and regulations
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable

Calculation Type	Cumulative (year-to-date)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Chief Financial Officer

Indicator Title CS2.2.	Cost-to-income ratio
Definition	A measurement, against the set target, of the amount of operating expenses incurred in generating operating income.
Source of Data	ACCPAC
Method of Calculation / Assessment	<i>Operating expenses divided by operating income, expressed as a percentage. Excluding tax, IDC finance charges, impairments, KCG provision movements, Property income and expenses, and Loan Disbursement Grants but including MTEF allocations to be utilised to fund operations and BDS grant allocation.</i>
Means of Verification	<ul style="list-style-type: none"> Verify data reported in ACCPAC, quarterly management accounts and allocation letters specifying MTEF allocations utilised to fund operations.
Assumptions	None
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Cumulative (year-to-date)
Reporting Cycle	Quarterly
Desired Performance	A lower than targeted cost-to-income ratio is desirable
Indicator Responsibility	Chief Financial Officer

Indicator Title CS2.3.	Rental collection rate
Definition	To improve the due (billed) rental collected
Source of Data	MDA portal
Method of Calculation / Assessment	<i>Rand value of due (billed) rental collected, divided by the total Rand value of due (billed) rental, expressed as a percentage</i>
Means of Verification	Verify data reflected on MDA portal
Assumptions	<ul style="list-style-type: none"> Lease renewals are formalised Panel of attorneys is appointed

	<ul style="list-style-type: none"> Rental collection strategy is aligned with industry standards Repairs and maintenance budget is available
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Non-cumulative
Reporting Cycle	Quarterly
Desired Performance	Higher than targeted performance is desirable
Indicator Responsibility	Head of Khula Business Premises

Indicator Title CS3.1.	Percentage implementation of the Integrated AI enabled Omnichannel Digital Portal
Definition	<ul style="list-style-type: none"> The indicator refers to SEDFA's actual business portal (Omnichannel Digital Portal) that will be automated and significantly improved using Artificial Intelligence technology.
Source of Data	Project plans, projects monitoring reports and signoffs.
Method of Calculation / Assessment	<i>Progress reports as per project plan. (qualitative)</i>
Means of Verification	<ul style="list-style-type: none"> Project plans, Project Reports, Signoffs
Assumptions	Digital Transformation partner will be acquired as planned
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Cumulative (year-to-date)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Digital Transformation Executive

Indicator Title CS3.2.	Percentage of end-to-end KCG portfolio management system developed
Definition	<ul style="list-style-type: none"> This indicator refers to the development of a system that will manage the entire life cycle of the KCG portfolio and integrated to other SEDFA systems.
Source of Data	Project plans, projects monitoring reports and signoffs

Method of Calculation / Assessment	<i>Progress reports as per project plan (qualitative)</i>
Means of Verification	<ul style="list-style-type: none"> Project plans, Project Reports, Signoffs
Assumptions	An implementation service provider will be acquired as planned
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Cumulative (year-to-date)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Digital Transformation Executive

Indicator Title CS3.3.	Percentage of CBIs, MFIs, and intermediaries digitised
Definition	<ul style="list-style-type: none"> This indicator refers to the digitisation of CBIs, MFIs and Intermediaries to enable SEDFA to have a digitised and integrated mechanism of managing all intermediaries and avoid extending financial resources to each intermediary to acquire the system.
Source of Data	Project plans, projects monitoring reports and signoffs/
Method of Calculation / Assessment	<i>Progress reports as per project plan (qualitative)</i>
Means of Verification	<ul style="list-style-type: none"> Project plans, Project Reports, Signoffs
Assumptions	An implementation service provider will be acquired as planned
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Cumulative (year-to-date)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Digital Transformation Executive

Indicator Title CS4.1.	Number of knowledge and strategic research reports produced
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Definition	<ul style="list-style-type: none"> The total number of knowledge and strategic research reports developed and finalised within the reporting period to support small enterprise development, policy formulation, and strategic decision-making.
Source of Data	Completed research reports, internal research records, commissioned studies, consultant reports, and internal approvals from SEDFA.
Method of Calculation / Assessment	<i>A simple count of the total number of finalised and approved research reports produced during the reporting period.</i>
Means of Verification	<ul style="list-style-type: none"> Finalised and approved research reports. Evidence of internal approval or sign-off. Document repository or tracking system for research outputs.
Assumptions	<ul style="list-style-type: none"> Research reports are completed, approved, and made available within the reporting period. The reports contribute to evidence-based decision-making and policy development. Sufficient resources (financial, human, and technical) are available for research activities.
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Cumulative (Year-to-date)
Reporting Cycle	Quarterly
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Executive: Strategy, M&E

Indicator Title CS5.1.	Percentage employee engagement survey rating
Definition	<ul style="list-style-type: none"> The percentage score reflecting employee engagement levels, based on responses to a formal employee engagement survey conducted within the organisation. The rating measures employees' satisfaction, motivation, and commitment to organisational goals.
Source of Data	Employee engagement survey responses collected through an internal or externally administered survey tool.
Method of Calculation / Assessment	<ul style="list-style-type: none"> <i>Employee Engagement Score = (Total Positive Responses / Total Responses) x 100.</i> Total Positive Responses refers to the number of employees who selected favourable responses to key engagement questions. Total Responses refers to all responses received for the survey.

Means of Verification	<ul style="list-style-type: none"> Survey reports from HR or an independent survey administrator. Detailed breakdown of engagement scores by category. Records of survey distribution and employee participation rates.
Assumptions	<ul style="list-style-type: none"> Employees provide honest and accurate responses. Survey methodology remains consistent across reporting periods for comparability. There is sufficient employee participation to ensure a representative engagement score.
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Non-cumulative (year-end)
Reporting Cycle	Annually
Desired Performance	Achievement of targeted performance or higher is desired
Indicator Responsibility	Human Capital Executive

Indicator Title CS5.2.	Leadership and critical skills development programmes implemented
Definition	<ul style="list-style-type: none"> The number of leadership and critical skills development programmes designed and executed to enhance the capabilities of entrepreneurs, small business owners, CBIs and other relevant stakeholders in the small enterprise ecosystem.
Source of Data	Programme implementation reports, attendance registers, training materials, evaluation feedback forms, and signed agreements with training providers.
Method of Calculation / Assessment	<i>A simple count of the number of distinct leadership and critical skills development programmes successfully implemented during the reporting period.</i>
Means of Verification	<ul style="list-style-type: none"> Signed agreements or contracts with training service providers. Attendance registers and participation records. Training content, curriculum, or syllabus. Programme evaluation and feedback reports. Certificates of completion (if applicable).
Assumptions	<ul style="list-style-type: none"> Training programmes are well-attended and effectively delivered. Participants gain relevant skills that contribute to business sustainability and growth. Adequate funding and resources are available for programme implementation. Collaboration with industry partners enhances programme effectiveness.

Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Cumulative (year-to-date)
Reporting Cycle	Quarterly
Desired Performance	Targeted performance is desirable
Indicator Responsibility	Human Capital Executive

Indicator Title CS6.1.	Percentage of investigations finalised
Definition	<ul style="list-style-type: none"> The aim is to prevent and manage fraud by ensuring the timely completion of a set percentage of investigations during the 2025/26 financial year.
Source of Data	SEDFA progress reports on the status of ongoing investigations.
Method of Calculation / Assessment	Number of investigations finalised during the financial year / Total number of active investigations at the beginning of the financial year X 100
Means of Verification	Comprehensive reports detailing findings, conclusions, and recommendations and the status of active investigations.
Assumptions	<ul style="list-style-type: none"> Adequate capacity for evidence collection and verification – sufficient and credible evidence can be gathered, reviewed, and verified.
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Cumulative (year-to-date)
Reporting Cycle	Quarterly
Desired Performance	Targeted performance is desirable
Indicator Responsibility	Human Capital Executive

ANNEXURES TO THE ANNUAL PERFORMANCE PLAN

ANNEXURE A: AMENDMENTS TO THE STRATEGIC PLANS

Not applicable.

ANNEXURE B: CONDITIONAL GRANTS

Not applicable.

ANNEXURE C: RISK MANAGEMENT FRAMEWORK

Attached as a separate document

ANNEXURE D: FRAUD PREVENTION FRAMEWORK

Attached as a separate document.

ANNEXURE E: MATERIALITY/SIGNIFICANCE FRAMEWORK

Attached as a separate document.

ANNEXURE F: DRAFT SHAREHOLDER'S COMPACT

Attached as a separate document.

ANNEXURE G: DISTRICT DEVELOPMENT MODEL

MTEF PLANNING PERIOD					
Project Name	Project Description	District Municipality	Location: GPS Coordinates	Project Leader	Implementation Partner
Finfind agreement activation at 7 pilot districts	Facilitating access to finance for small enterprises	Sarah Baartman – EC OR Tambo – EC Amathole – EC Chris Hani – EC uMgungundlovu – KZN eThekweni – KZN	Available as Addendum	BDS	N/A

MTEF PLANNING PERIOD						
Project Name		Project Description	District Municipality	Location: GPS Coordinates	Project Leader	Implementation Partner
			John Taolo Gaetsewe - NC			
ESD agreements at the 7 pilot districts		Facilitating access to markets for small enterprises	Sarah Baartman – EC OR Tambo – EC Amathole – EC Chris Hani – EC uMgungundlovu – KZN eThekweni – KZN John Taolo Gaetsewe - NC	Available as Addendum	BDS	N/A
Briefing update of incubators on the DEF Strategy implementation		Incubator CEO engagement	Sarah Baartman – EC OR Tambo – EC Amathole – EC Chris Hani – EC uMgungundlovu – KZN eThekweni – KZN John Taolo Gaetsewe - NC	Available as Addendum	BDS	N/A
Economic Infrastructure	Property Services	Neil Hare - Roof replacement (3 factories)	City of Cape Town Metropolitan	N/A	FS – KBP	N/A
		Victoria Street Market – Roof repairs and 1 st floor reinstatement	eThekweni Metropolitan	N/A	FS – KBP	N/A

MTEF PLANNING PERIOD						
Project Name		Project Description	District Municipality	Location: GPS Coordinates	Project Leader	Implementation Partner
		Kwamagxaki - Refurbishment of centre	Nelson Mandela Bay Metropolitan	N/A	FS – KBP	N/A
		Sebokeng 1 & 2 refurbishments	Emfuleni Municipality	N/A	FS – KBP	GGDA/DBSA
		Beacon Valley refurbishments	City of Cape Town Metropolitan	N/A	FS – KBP	N/A
		Prepaid meter migration	All 9 provinces	N/A	FS – KBP	N/A
Local Economic Development	TREP	Lending - TREP	Districts in all 9 provinces	N/A	FS	DSBD