



SMALL ENTERPRISE DEVELOPMENT AND FINANCE AGENCY SOC LIMITED

ANNUAL PERFORMANCE PLAN FOR 2026–2027



small business
development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

EXECUTIVE AUTHORITY STATEMENT

It is with great honour that I present the 2026/27 Annual Performance Plan (APP) for the Small Enterprise Development and Finance Agency (SEDFA). This marks the second year of implementation for this unified entity, established through the merger of Seda, **sefa**, and the Co-operative Banks Development Agency (CBDA)—a significant milestone in government’s commitment to fostering a cohesive and inclusive small enterprise ecosystem.

SEDFA’s mission is to empower small enterprises to drive economic transformation and sustainable job creation, guided by the National Integrated Small Enterprise Development (NISED) Strategic Framework and the National Development Plan (NDP) Vision 2030. By integrating financial and non-financial support, SEDFA aims to bridge systemic gaps and promote access for underserved groups, with a strong focus on women, youth, and persons with disabilities (PWDs), as well as township and rural enterprises.

Anchored in the National Small Enterprise Amendment Act 21 of 2024 (NSEAA) and the Medium-Term Development Plan (MTDP) 2024–2029, this APP underscores SEDFA’s role in advancing inclusive growth, job creation, and a capable developmental state.

South Africa’s 2025 G20 Presidency provided global recognition of the importance of small enterprises in promoting equitable growth. Building on that momentum, SEDFA in 2026/27 will strengthen partnerships with development finance institutions (DFIs), the private sector, education and training institutions, and multilateral organisations to expand access to funding, markets, and skills development.

Strategic focus areas for 2026/27 include promoting innovation, enhancing productivity, expanding digital platforms, and supporting high-impact sectors such as manufacturing, agriculture, tradeable services, mining, construction, green industries, and ICT. Through collaboration, innovation, and accountability, SEDFA seeks to position small enterprises as the engine of transformation and inclusive growth, addressing South Africa’s triple challenges of poverty, inequality, and unemployment.

The 2026/27 APP embodies our collective ambition to build a resilient, transformed and prosperous economy, powered by the ingenuity of our entrepreneurs.



Honourable Stella Ndabeni, MP

Minister of Small Business Development

ACCOUNTING AUTHORITY STATEMENT

It is with pride and a deep sense of responsibility that I present the 2026/27 Annual Performance Plan (APP) of the Small Enterprise Development and Finance Agency (SEDFA). This plan reaffirms our bold and transformative vision to position South Africa's small enterprise sector as a cornerstone of inclusive growth, job creation, and sustainable development.

The establishment of SEDFA under the National Small Enterprise Amendment Act 21 of 2024 consolidated the mandates of Seda, sefa, and the Co-operative Banks Development Agency (CBDA) into a single, agile institution. This integration advances government's commitment to reducing inefficiencies, enhancing service delivery, and driving meaningful impact for small enterprises. SEDFA's vision — *"Empowering South Africa's small businesses for inclusive growth, transformation, and sustainable employment"* — continues to guide our priorities in 2026/27.

Unlocking the full potential of South Africa's small enterprise sector requires targeted interventions to expand access to finance, markets, and skills. SEDFA will enhance financial inclusion through credit guarantees, blended finance mechanisms, and tailored funding models while strengthening digital and export platforms to connect small enterprises with local and global markets.

In 2026/27, our focus is also on reducing red tape and simplifying business processes by working with all spheres of government and the private sector to streamline registration, compliance, and reporting. These reforms will leverage digital platforms to make it easier and faster for small enterprises to formalise and scale their operations.

SEDFA will advocate for an enabling environment that encourages innovation, localisation, and sectoral competitiveness. Through the Development Fund for micro-enterprises and the Commercial Fund for viable SMEs, SEDFA will drive investment in high-impact sectors such as renewable energy, ICT, manufacturing, agriculture, and the green economy.

We remain deeply committed to inclusivity, ensuring that youth, women, and persons with disabilities are empowered through targeted mentorship, funding, and business development support. These interventions will address systemic inequalities and expand economic participation across rural, township, and peri-urban communities.

As the global economy transitions toward sustainability, SEDFA will strengthen access to green financing and support enterprises to adopt environmentally responsible business models. By aligning with G20 priorities and national frameworks, we aim to showcase South Africa's small enterprises as key drivers of equitable trade, innovation, and green growth.

The effective implementation of this APP marks a decisive step toward the outcomes of SEDFA's 2025–2030 Strategic Plan. Success will depend on collaboration among government, private sector, civil society, and development partners. On behalf of the Board, I extend sincere appreciation to the Minister of Small Business Development, Ms. Stella Ndabeni, for her

visionary leadership and unwavering support, and to the management and staff for their continued dedication.

Together, we move forward with determination and purpose — empowering South Africa's small enterprises to build a resilient, inclusive, and prosperous future.



Mr Patrick Makape

Chairperson of the SEDFA Board

STATEMENT BY THE ACCOUNTING OFFICER

The 2026/27 Annual Performance Plan (APP) marks a defining year in the operationalisation of the Small Enterprise Development and Finance Agency (SEDFA), a unified entity established under the National Small Enterprise Amendment Act 21 of 2024 (NSEAA) through the consolidation of Seda, sefa, and the Co-operative Banks Development Agency (CBDA). This strategic integration has strengthened the government's commitment to building an efficient, responsive, and integrated small enterprise ecosystem that drives inclusive economic growth, job creation, and transformation.

SEDFA's vision — *"Empowering South Africa's small businesses for inclusive growth, transformation, and sustainable employment"* — continues to guide its work as it delivers both financial and non-financial support across the small enterprise value chain. The agency's 2026/27 priorities are focused on enhancing access to affordable finance, expanding market opportunities, and improving service delivery efficiency through digital platforms, streamlined regulatory processes, and strategic partnerships with the public and private sectors.

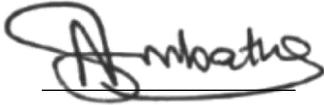
Through the Development Fund and Commercial Fund, SEDFA will strengthen support for micro, small, and medium enterprises (MSMEs) in key growth sectors such as manufacturing, agriculture, ICT, renewable energy, tourism and the green economy. These instruments will promote innovation, competitiveness, and localisation, ensuring that small enterprises are fully integrated into domestic and global value chains.

SEDFA also remains committed to inclusive participation, empowering women, youth, and persons with disabilities through tailored programmes, mentorship, and financial access. The District Ecosystem Facilitation Model and the establishment of digital platforms will ensure a coordinated and accessible service network for entrepreneurs across South Africa — especially in rural and township areas.

Aligned with the National Development Plan (NDP) Vision 2030 and the Medium-Term Development Plan (MTDP) 2024–2029, SEDFA's 2026/27 APP places strong emphasis on innovation, sustainability, and ethical governance. These priorities will enable the agency to balance its developmental mandate with financial sustainability, ensuring long-term impact.

On behalf of SEDFA's Executive Management (EXCO), I extend my sincere appreciation to Accounting Authority (SEDFA Board), and the Department of Small Business Development (DSBD) for their guidance, partnership, and unwavering support. I also thank SEDFA's dedicated management and staff for their commitment to excellence and delivery during this period of consolidation and growth.

Together, we reaffirm our collective resolve to build a resilient, inclusive, and sustainable small enterprise sector — one that stands at the heart of South Africa’s economic transformation and national development.



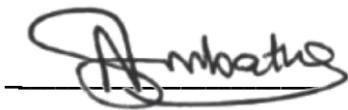
Mr Nkosikhona Mbatha

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) Considers 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 2026/27.



27.02.2026

Mr Nkosikhona Mbatha

Date

Acting Chief Executive Officer

APPROVED BY:



04.03.2026

Mr Patrick Makape

Date

Chairperson of the SEDFA Board



18/03/2026

Honourable S. Ndabeni, MP

Date

Minister of Small Business Development

(Executive Authority)

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
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
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
IIRF	International Integrated Reporting Framework
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
NBFIs	Non-Banking Financial Institutions
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
PFI	Partner Financial Institutions
PFMA	Public Finance Management Act
POC	Proof of Concept
PWDs	Persons With Disability
SARB	South African Reserve Bank
SARS	South African Revenue Services
SCG	Supplier Credit Guarantees
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
StatsSA	Statistics South Africa
TREP	Township and Rural Entrepreneurship Programme

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CONTEXT TO THE 2026/27 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, to maximise development support and funding for small enterprises.

The 2026/27 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.

The focus for the 2026/27 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 2026/27 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 and communications 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 2026/27 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 (MSMEs)/micro, small, and medium enterprises (MSMEs) and all forms of co-operatives

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.

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.

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.

Legislative Area	Key Legislation	Strategic Implications for SEDFA
Mandate Delivery Framework	Businesses Act 71 of 1991 (as amended)	Provides the foundation for promoting and regulating business activity. SEDFA must align enterprise support services to facilitate compliance, encourage formalization, and expand the participation of MSMEs in the economy.
	Insurance Act 18 of 2017 (as amended)	Regulates insurance-related products and risk management. SEDFA must design compliant guarantee and credit insurance schemes to mitigate financial risk for SMEs.
	Banks Act 94 of 1990 and Banks Act Exemption Notice (2014)	Defines permissible lending and financial service operations. SEDFA must ensure regulatory compliance in its lending, savings, and financial facilitation services.
	Financial Sector Regulation Act 9 of 2017	Establishes prudential and market conduct oversight. SEDFA must implement robust governance and reporting systems consistent with Prudential Authority and FSCA expectations.
	Financial Services Laws General Amendment Act 45 of 2013	Enhances compliance, governance, and consumer protection in financial institutions. SEDFA must strengthen internal controls and align its compliance architecture to this Act.
	Financial Advisory and Intermediary Services Act (FAIS) 37 of 2002	Regulates financial advice and intermediary services. SEDFA’s financial officers and intermediaries must be licensed and operate under FAIS-compliant frameworks.
	Financial Intelligence Centre Act (FICA) 38 of 2001	Prevents money laundering and terrorism financing. SEDFA must apply rigorous KYC (Know Your Customer) and AML (Anti-Money Laundering) controls.
	National Credit Act 34 of 2005 (as amended)	Promotes responsible lending and consumer protection. SEDFA must implement fair credit assessment and transparent repayment policies.
	Consumer Protection Act 68 of 2008 (as amended)	Safeguards clients from unfair practices. SEDFA must uphold transparency and client rights in all financial dealings and dispute resolution.
	Protection of Personal Information Act (POPIA) 4 of 2013	Protects client and enterprise data. SEDFA must enforce data protection policies, cybersecurity standards, and staff data-handling training.
	Prescription Act 68 of 1969 (as amended)	Governs timeframes for enforcing legal claims. SEDFA must manage loan portfolios proactively to prevent prescription of debts.
	Property Practitioners Act 21 of 2018	Regulates property-linked business services. SEDFA must ensure compliance in

Legislative Area	Key Legislation	Strategic Implications for SEDFA
		property-backed SME lending, valuations, and disclosures.
Governance and Institutional Framework	Public Audit Act 25 of 2004 (as amended)	Promotes transparent and auditable public finance management. SEDFA must ensure clean audit outcomes and strengthen internal audit systems.
	Income Tax Act 58 of 1962 (as amended)	Regulates taxation and exemptions. SEDFA must comply with tax laws and assist SMEs in accessing applicable tax incentives.
	Promotion of Access to Information Act (PAIA) 2 of 2000	Ensures access to public information. SEDFA must provide mechanisms for transparency and information disclosure.
	Prevention and Combating of Corrupt Activities Act 12 of 2004	Mandates integrity and ethical conduct. SEDFA must institutionalize ethics, anti-corruption policies, and whistleblower protection.
	Promotion of Administrative Justice Act 3 of 2000 (PAJA)	Promotes fair administrative decisions. SEDFA must ensure transparent selection and funding approval processes for SMEs.
	Electronic Communications and Transactions Act 25 of 2002 (as amended)	Provides a legal framework for e-commerce and electronic signatures. SEDFA's digital systems and e-lending platforms must comply with this Act.
	Basic Conditions of Employment Act 75 of 1997 (as amended)	Ensures fair labour conditions. SEDFA must promote ethical employment and sound HR practices.
	Labour Relations Act 66 of 1995 (as amended)	Regulates industrial relations. SEDFA must maintain fair workplace relations and align with national labour laws.
	Employment Equity Act 55 of 1998 (as amended)	Promotes workplace transformation. SEDFA must ensure equitable representation and inclusive recruitment policies.
	Skills Development Act 97 of 1998 (as amended)	Promotes capacity-building. SEDFA must invest in continuous staff training and support national skills development goals.
	Occupational Health and Safety Act 85 of 1993 (as amended)	Ensures safe working environments. SEDFA must implement health and safety protocols in all offices and outreach activities.
	Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000	Prevents discrimination. SEDFA must promote diversity and gender equality in all operations and partnerships.
	Broad-Based Black Economic Empowerment Act 53 of 2003 (as amended)	Advances inclusive economic growth. SEDFA must prioritise funding for black-owned enterprises and support supplier development.

Legislative Area	Key Legislation	Strategic Implications for SEDFA
	Preferential Procurement Policy Framework Act 5 of 2000 (as amended)	Promotes equitable procurement. SEDFA must implement procurement strategies supporting local and black-owned SMEs.
	National Archives and Records Service of South Africa Act 43 of 1996 (as amended)	Governs record-keeping. SEDFA must implement modern digital records management systems for accountability and compliance.

Table 1: Key legislation

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:

Category	Framework / Policy	Core Focus and Intent	Strategic Fit for SEDFA (2025–2030)
International Frameworks	United Nations 2030 Agenda for Sustainable Development (SDGs)	A global framework promoting poverty reduction, inclusive economic growth, decent work, and climate action.	SEDFA aligns with SDGs 1 (No Poverty), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation, and Infrastructure), and 13 (Climate Action). Its lending and capacity-building programs advance inclusive entrepreneurship, sustainable employment, and climate-smart SMEs.
	African Union Agenda 2063 (AU2063)	A continental blueprint for people-centred social, economic, and technological transformation, including the AfCFTA.	SEDFA supports AU2063 through inclusive enterprise development, export readiness support, and value chain integration for SMEs to benefit from AfCFTA regional markets.
	Just Transition Framework for South Africa (2022)	Provides principles and coordination mechanisms for a fair transition to a low-carbon economy.	SEDFA promotes green finance and SME participation in renewable energy, circular economy, and sustainable agriculture sectors.
	National Climate Change Response Policy (NCCRP, 2011)	Sets the vision for building a climate-resilient, low-carbon economy and society.	SEDFA integrates climate risk analysis in its credit assessments and supports green enterprise models for resilience and adaptation.
	Global Reporting Initiative (GRI) ESG Framework	Promotes environmental, social, and governance accountability and responsible investment.	SEDFA adopts ESG principles to enhance transparency, sustainability reporting, and impact measurement in SME finance.
	International Integrated Reporting Framework	Enhances integrated thinking and performance reporting to demonstrate sustainable value creation.	SEDFA applies standards to communicate governance, financial performance, and developmental impact.
	International Financial Reporting Standards (IFRS)	Provides global consistency and comparability in financial statements.	SEDFA aligns with IFRS in its financial reporting to ensure accuracy, transparency, and global credibility.

Category	Framework / Policy	Core Focus and Intent	Strategic Fit for SEDFA (2025–2030)
National Frameworks	National Development Plan (NDP) – Vision 2030	South Africa’s long-term blueprint for eliminating poverty and reducing inequality through inclusive growth and employment.	SEDFA contributes to NDP Chapters 3 and 6 by promoting enterprise development, job creation, and empowerment of youth, women, and persons with disabilities in townships and rural areas.
	Medium-Term Development Plan (MTDP) 2024–2029	Sets the 7th Administration’s priorities for inclusive growth, poverty reduction, and building a capable, ethical, and developmental state.	SEDFA supports Strategic Priority 1 (Inclusive Growth & Job Creation) through SME finance and non-financial support, and Priority 3 (Capable, Ethical State) through institutional strengthening and innovation.
	National Spatial Development Framework (NSDF) 2050	Guides spatial transformation and balanced regional development through focused infrastructure investment.	SEDFA aligns its support to spatial transformation by targeting enterprises in underdeveloped and rural districts.
	District Development Model (DDM, 2019)	Promotes integrated planning, budgeting, and delivery through intergovernmental collaboration.	SEDFA operationalises its District Ecosystem Facilitation (DEF) Model under the DDM to coordinate enterprise support at district and municipal levels.
	Revised Framework for Strategic Plans and APPs (DPME, 2019)	Provides a results-based framework for planning, monitoring, and reporting performance in public entities.	SEDFA applies this framework to align outcomes and impact indicators with its strategic priorities, enhancing performance accountability.
	King V Code on Corporate Governance (2026)	Introduces updated governance principles to further enhance ethical leadership, sustainability, and responsible corporate citizenship, reflecting the latest standards and best practices as of 1 January 2026.	SEDFA institutionalises good governance and accountability by adhering to King V and applying the “apply and explain” principles in line with the new code.
	Protocol on Corporate Governance in the Public Sector (2002)	Reinforces good governance within state-owned entities.	SEDFA integrates the protocol into its governance model to align public accountability with developmental impact.
	Energy Action Plan (EAP, 2022)	Aims to end load-shedding and ensure energy security	SEDFA will promote SME participation in renewable

Category	Framework / Policy	Core Focus and Intent	Strategic Fit for SEDFA (2025–2030)
		through generation capacity expansion and incentives for renewable investment.	energy supply chains, and leverage EAP’s bounce-back loan schemes to finance SME solar installation projects.
	Science, Technology, and Innovation (STI) Decadal Plan, 2022	A 10-year framework for advancing innovation, research, and technology to drive economic growth and competitiveness.	SEDFA will fund innovation-driven SMEs, particularly those aligned with the New Economy Programme , tech hubs, and digital incubators.
	Financial Inclusion Policy Framework for South Africa (2023)	Seeks to deepen financial inclusion and diversify the financial services landscape for individuals and SMEs.	SEDFA will collaborate with National Treasury and financial institutions to expand access to affordable finance, promote digital inclusion, and support SME access to credit.
	National Township Economy Revitalisation Policy (2023)	Promotes inclusive township economic transformation through innovative SME financing and partnerships.	SEDFA will coordinate township economy financing models, support micro-enterprise growth, and leverage private sector partnerships for co-funding.
	White Paper on the Rights of Persons with Disabilities (2015)	Provides a framework for promoting and protecting the rights of persons with disabilities through inclusive design and access.	SEDFA ensures accessibility of products and services to entrepreneurs with disabilities and promotes disability-inclusive enterprise support.
	Framework on Gender-Responsive Planning, Budgeting, Monitoring, Evaluation, and Auditing (2019)	Ensures gender mainstreaming and equity across planning, budgeting, and monitoring systems.	SEDFA integrates gender-responsive budgeting and M&E frameworks to promote equitable access to resources for women-led enterprises.

2. INSTITUTIONAL POLICIES AND STRATEGIES

This plan is based on key institutional policies and strategies that inform and guide SEDFA’s work and core operations. The next sections provide further insights into the various policies and strategies considered in the development of the APP for 2026/27.

Table: Alignment of National and Sectoral Policy Frameworks to the SEDFA Annual Action Plan 2026/27

Policy / Framework	Core Focus and Strategic Intent	Implications / Link to SEDFA's 2026/27 Annual Action Plan
<p>National Integrated Small Enterprise Development (NISED) Strategic Framework (2023–2032)</p>	<p>Provides the 10-year roadmap for entrepreneurship and small enterprise growth, with SEDFA leading Outcome 3: <i>"Effective support and services delivered for small enterprise growth."</i> Emphasises coordinated, data-driven, and outcomes-based delivery across financial and non-financial support ecosystems.</p>	<p>SEDFA leads implementation of Outcome 3, focusing on:</p> <ul style="list-style-type: none"> • Establishing a digital one-stop support platform and spatial mapping system for MSME services. • Implementing a voucher-based subsidy system for IBDS access. • Expanding Khula Credit Guarantee (KCG) under recapitalisation to improve access to credit. • Delivering Game-Changer Programmes such as the Youth Challenge Fund, Township and Rural Partnership Programme, and Supplier Development Partnerships.
<p>Co-operatives Development Policy (2004) & Integrated Strategy on Co-operative Development (2012)</p>	<p>Seeks to build a self-sustaining and integrated co-operative sector contributing to economic inclusion, employment, and transformation. Promotes capacity building, awareness, research, and partnerships for co-operative viability.</p>	<p>SEDFA supports co-operative growth by:</p> <ul style="list-style-type: none"> • Integrating co-operative banking and financial inclusion models. • Strengthening capacity of community-based intermediaries (CBIs). • Expanding co-operative incubation and access to tailored finance in rural/township areas. • Aligning with the District Ecosystem Facilitation Model to improve grassroots access to markets.
<p>Co-operative Banking Sector Development Strategy (2021–2030)</p>	<p>Aims to reach 400,000 members by 2030 through value-added financial products, robust funding sources, and digital channels. Promotes co-operative banking as a mechanism for inclusion rather than a transition to commercial banking.</p>	<p>SEDFA's 2026/27 Plan prioritises:</p> <ul style="list-style-type: none"> • Expanding digital financial inclusion platforms for CBIs and co-operative banks. • Developing co-branded financial products with cooperative banks. • Implementing the Financial Inclusion Policy through enhanced credit access and blended finance for marginalised entrepreneurs.
<p>MSMEs and Co-operatives Funding Policy (2024)</p>	<p>Approved by Cabinet (Sept 2024) to provide an integrated framework for improving access to finance and reducing duplication in small business funding. Delegates leadership to SEDFA for implementation.</p>	<p>SEDFA is responsible for:</p> <ul style="list-style-type: none"> • Implementing the IBDS Policy and expanding incubators and digital hubs. • Rolling out a restructured Credit Guarantee Scheme and blended finance model. • Introducing sector-based credit instruments for green and priority industries. • Mobilising resources through Development and Commercial Funds.
<p>Incubation and Business Development</p>	<p>Establishes a coordinated, outcome-driven approach to enhance</p>	<p>SEDFA integrates IBDS principles through:</p>

Policy / Framework	Core Focus and Strategic Intent	Implications / Link to SEDFA’s 2026/27 Annual Action Plan
Services (IBDS) Policy Framework (2025)	participation, scalability, and competitiveness of small enterprises through improved service delivery, quality assurance, and innovation.	<ul style="list-style-type: none"> • Standardised BDS quality assurance mechanisms. • Supporting sector-focused digital incubators and innovation hubs. • Expanding IBDS coverage in underserved regions. • Enhancing entrepreneurial skills and 4IR capacity building.
Medium-Term Development Plan (MTDP) 2024–2029	Seeks to drive inclusive growth and job creation with a targeted increase of GDP to 3.5% and reduction of unemployment to 27.5% by 2029. Small enterprise development is key under Strategic Priority 1.	<p>SEDFA contributes to MTDP outcomes through:</p> <ul style="list-style-type: none"> • Targeted programmes supporting micro and small enterprise formalisation. • Promoting youth and women entrepreneurship. • Expanding access to finance and market linkages. • Aligning annual targets with the DSBD Results Framework for job creation and inclusive growth.
National Development Plan (NDP) Vision 2030	Calls for inclusive economic growth, sustainable employment, and a capable developmental state that empowers small enterprises as catalysts for transformation.	<p>SEDFA aligns its strategic and annual plans to NDP outcomes by:</p> <ul style="list-style-type: none"> • Creating 4IR-ready small enterprises. • Enhancing financial inclusion and innovation. • Promoting localisation and value-chain participation. • Strengthening collaboration across government, DFIs, and private sector partners.

The 2026/27 Annual Action Plan operationalises SEDFA’s leadership role across these frameworks by integrating policy directives into tangible, measurable outputs. This alignment ensures that SEDFA’s interventions — spanning **finance, incubation, market access, and inclusion** — directly contribute to achieving **national development priorities**, particularly under the **NISED, MTDP 2024–2029, and NDP Vision 2030.**

2.1 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.

Table 2: 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 finalisation and implementation of master plans	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
Enabling environment for investment and improved competitiveness through	Reduced red tape and streamline support for small enterprises, entrepreneurs and cooperatives , especially in	Percentage of informal MSMEs provided with formalisation support.	1 804 434 as per Seda MSMEs 2024 Q1 Report.	5% of informal MSMEs provided with formalisation support.	10% of informal MSMEs provided with formalisation support.	DSBD / SEDFA

Outcomes	Strategic Intervention	Intervention Indicators	Intervention on Baseline	Midterm Targets	End-Term Targets	Lead / Support
structural reforms	townships and villages, to thrive.			(cumulative)	(cumulative)	
		Number of small enterprises and co-operative 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 infrastructures roll out to lower the cost of doing business	14 infrastructure rolled out to lower the cost of doing business for rural	32 infrastructures roll out to lower the cost of doing business for rural	52 infrastructures roll out to lower the cost of doing business for rural	DSBD

Outcomes	Strategic Intervention	Intervention Indicators	Intervention Baseline	Midterm Targets	End-Term Targets	Lead / Support
		for rural and township Small Enterprises.	and township Small Enterprises	and township Small Enterprises. (cumulative)	and township Small Enterprises. (cumulative)	

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.

OUR IMPACT

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

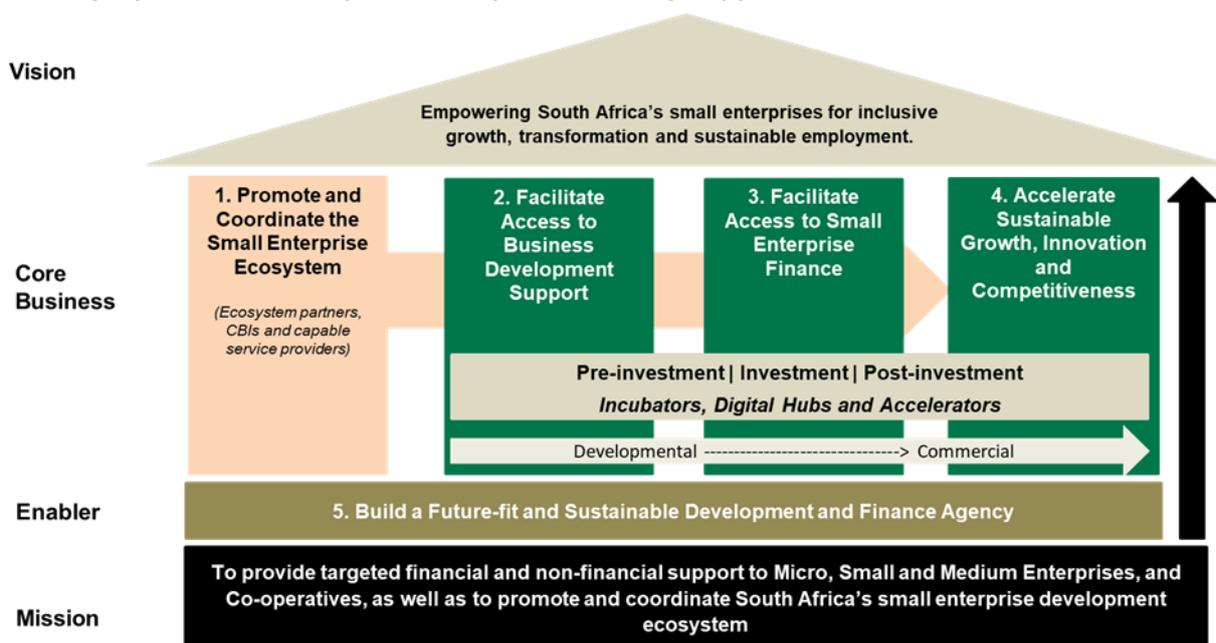
SEDFA subscribes to the following organisational values, **I-CARE**, which are in line with the Batho Pele principles:

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 always strive 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.

SEDFA Values	What it means in practice
	<ul style="list-style-type: none"> 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. 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 1: SEDFA business model

<p>KEY PARTNERS</p> <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>KEY ACTIVITIES</p> <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 	<p>VALUE PROPOSITIONS</p> <ol style="list-style-type: none"> 1. Coordinating and unifying the small enterprise development ecosystem 2. Designing and implementing customised development programmes for entrepreneurs 3. 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 projects 4. Building a capable intermediary network for enhanced investment and quality enterprise support 5. Capacitating CBIs to be professional, digitally-enabled providers of affordable community banking <div style="text-align: center;">  <p>Business Model</p> </div>	<p>CUSTOMER RELATIONSHIPS</p> <ul style="list-style-type: none"> ▪ Workshops and seminars ▪ Outreach and entrepreneurship promotion ▪ Regular feedback mechanisms (surveys, consultations) ▪ Transparent and accountable online case management system ▪ Business-to-business MOUs with partners in the ecosystem ▪ Digital platforms for information, applications and support access 	<p>CUSTOMER SEGMENTS</p> <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. SITUATIONAL ANALYSIS

The Small Enterprise Development and Finance Agency (SEDFA) operates within a complex and rapidly evolving socio-economic environment shaped by political realignments, fiscal constraints, technological shifts, and climate imperatives.

Between 2024 and 2030, South Africa's development trajectory will be defined by efforts to accelerate inclusive growth, reduce unemployment, and transition toward a low-carbon and knowledge-based economy (Presidency of South Africa, 2024; World Bank, 2025).

The national policy landscape anchored by the Government of National Unity's Medium-Term Development Plan (2024–2029), the District Development Model, and the Incubation and Business Development Services Policy Framework (2024) provides SEDFA with a renewed mandate to coordinate the small-enterprise ecosystem, strengthen access to finance, and professionalise business-development support (Department of Small Business Development [DSBD], 2024). However, persistent macro-economic fragility evident in sluggish GDP growth of 0.6 percent (Statistics South Africa, 2025), high unemployment (33.2 percent), widening inequality (Gini coefficient ≈ 0.63), and rising national debt continues to constrain the capacity of small and medium enterprises (SMEs) to thrive (Trading Economics, 2025; World Bank, 2025). Against this backdrop, a structured PESTLE analysis enables SEDFA to systematically assess the political, economic, social, technological, legal, and environmental factors influencing SME development and to identify strategic levers for sustainable, inclusive, and future-ready growth over the 2025–2030 period.

Table: PESTLE Analysis of the South African Operating Environment (2025–2030)

The following table provides the PESTLE analysis and its implication for SEDFA strategic planning for the next five years.

Dimension	Key Developments and Current Statistics (2024–2025)	Strategic Implications and Response Required from SEDFA	Reference source
Political	<ul style="list-style-type: none"> • South Africa’s 7th Administration (2024–2029) under the Government of National Unity (GNU) focuses on <i>inclusive growth, job creation, and ethical governance</i> (Presidency of South Africa, 2024). • Institutionalisation of the District Development Model (DDM) promotes joint planning and budgeting (CoGTA, 2024). • Rising geopolitical tensions and potential trade shifts under the Trump administration may affect South Africa’s access to AGOA and other agreements, threatening small exporters. • Fiscal pressures and social unrest linked to high youth unemployment and food insecurity heighten the need for agile policy adaptation. 	<ul style="list-style-type: none"> • Align spatial investments and enterprise support with DDM “One Plans” • Strengthen partnerships with DSBD, dtic, IDC, and BRICS+ networks to diversify markets and reduce AGOA reliance. • Engage proactively in trade advocacy to maintain AGOA benefits while leveraging AfCFTA opportunities. • Establish continuous policy-briefing mechanisms with new administration actors to secure alignment. 	<p>Presidency of South Africa. (2024). <i>State of the Nation Address</i>. Pretoria: Government Printer.</p> <p>Department of Cooperative Governance and Traditional Affairs (CoGTA). (2024). <i>District Development Model Regulations</i>. Pretoria.</p>
Economic	<ul style="list-style-type: none"> • GDP growth: 0.6 % (2024); unemployment: 33.2 % (youth 59 %) (Statistics South Africa, 2025; Trading Economics, 2025). • Inflation: 4.4 % (World Bank, 2024). • National debt: 77 % of GDP (2025/26) (AP News, 2025). • Private investment: –1.7 % in Q1 2025 (SARB, 2025). • MSME sector: contributes ≈ R5 trillion turnover, 80 % of 	<ul style="list-style-type: none"> • Scale job-rich SME funding programmes and catalytic entrepreneurship initiatives. • Introduce blended finance + risk-sharing instruments for credit-constrained SMEs. • Promote SADC and intra-African trade to diversify markets. • Collaborate with co-operative banks to expand access to rural finance. 	<p>Statistics South Africa (2025). <i>Quarterly GDP Report</i>. Pretoria. South African Reserve Bank (2025). <i>Quarterly Bulletin (June 2025)</i>. Pretoria. FinMark Trust (2024). <i>FinScope MSME Survey 2024</i>. Johannesburg. World Bank (2024). <i>South Africa Overview</i>. <i>Statistics South Africa. Mid-year Population Estimates – 2024</i>. https://www.statssa.gov.za/</p>

Dimension	Key Developments and Current Statistics (2024–2025)	Strategic Implications and Response Required from SEDFA	Reference source
	<p>employment (FinMark Trust, 2024).</p> <ul style="list-style-type: none"> • CBIs and co-operative financial institutions face funding and capacity constraints, limiting rural reach. • Currency volatility and manufacturing slowdowns increase operational costs for SMEs. <p>Population increase by 1.33%</p>	<ul style="list-style-type: none"> • Support sector-based diversification within provincial masterplans to reduce vulnerability to shocks. 	
Social	<ul style="list-style-type: none"> • Poverty affects $\approx 68\%$ of population; inequality remains severe (Gini = 0.63) (World Bank, 2025). • Informal and township sectors employ > 3 million workers (FinMark Trust, 2024). • Women, youth, and persons with disabilities remain underrepresented in entrepreneurship. • Poor STEM outcomes and limited entrepreneurial education reduce innovation potential. • Tensions over foreign-owned spaza shops and recent food-safety incidents raise compliance and health concerns. 	<ul style="list-style-type: none"> • Implement targeted BDS and financing for youth-, women-, and disability-owned SMEs. • Launch entrepreneurship education partnerships with universities and TVETs. • Introduce food-safety and regulatory-compliance training for informal traders. • Coordinate with municipalities to ensure all spaza shops meet local licensing and safety standards. • Support township and rural enterprise development through inclusive market access. 	<p>FinMark Trust (2024). <i>FinScope MSME Survey 2024</i>. Johannesburg. World Bank (2025). <i>Poverty and Inequality Assessment 2025</i>. Washington, DC.</p>
Technological	<ul style="list-style-type: none"> • The STI Decadal Plan (2022–2032) promotes local innovation and commercialisation (DSI, 2022). • Fintech and e-commerce growth offers opportunities for SME efficiency (FinMark Trust, 2024). • Digital divides persist in rural areas; cybersecurity 	<ul style="list-style-type: none"> • Strengthen digital-infrastructure partnerships for rural inclusion. • Develop cyber-awareness and protection tools for small businesses. • Promote digital skills training and e-commerce adoption for MSMEs. 	<p>Department of Science and Innovation (2022). <i>Science, Technology and Innovation Decadal Plan</i>. Pretoria. FinMark Trust (2024). <i>FinScope MSME Survey 2024</i>. Johannesburg.</p>

Dimension	Key Developments and Current Statistics (2024–2025)	Strategic Implications and Response Required from SEDFA	Reference source
	<p>and automation disrupt jobs.</p>	<ul style="list-style-type: none"> Invest in secure cloud-based SME support portals and AI-driven client-service systems. 	
Environmental	<ul style="list-style-type: none"> Energy Action Plan (2022) drives renewable generation and embedded solar (The Presidency, 2022). Just Transition Framework (2022) outlines green-economy pathways (Presidential Climate Commission, 2022). <ul style="list-style-type: none"> Increased ESG focus and climate-finance opportunities. Climate shocks (floods, droughts) disrupt rural MSMEs. 	<ul style="list-style-type: none"> Expand green-finance and ESG lending instruments. Establish a Green Desk for SME compliance and access to climate funds. Facilitate SME participation in renewable-energy value chains. Partner with OECD and AfDB to channel international climate funds to township and rural enterprises. 	<p>The Presidency (2022). <i>Energy Action Plan</i>. Pretoria. Presidential Climate Commission (2022). <i>Just Transition Framework</i>. Pretoria. Council for Scientific and Industrial Research (2024). <i>Climate Risk Outlook 2024–2030</i>. Pretoria.</p>
Legal	<ul style="list-style-type: none"> Key frameworks: <i>National Credit Act (2005)</i>; <i>Financial Sector Regulation Act (2017)</i>; <i>Protection of Personal Information Act (2013)</i>; <i>B-BBEE Act (2003)</i>. Incubation and Business Development Services Policy Framework (2024) approved by Cabinet aligns incubation and BDS systems (DSBD, 2024). SMEs face heavy compliance burdens, complex labour laws, and rigid wage agreements that restrict youth hiring. 	<ul style="list-style-type: none"> Implement the IBDS Framework to standardise incubation and BDS delivery. Advocate for regulatory reforms reducing compliance burdens and red tape. Create an internal “Red Tape Reduction Unit” to help SMEs navigate regulatory processes. Offer compliance-literacy training and legal-risk advisory support for small businesses. 	<p>Department of Small Business Development (2024). <i>Incubation and Business Development Services Policy Framework</i>. Pretoria. Republic of South Africa (2005–2017). <i>Relevant Acts</i>. Government Printer.</p>

7. SEDFA SWOT ANALYSIS

This SWOT analysis provides a structured assessment of SEDFA’s internal capabilities and external operating environment, identifying key strengths, weaknesses, opportunities, and threats that will influence the organisation’s implementation plan over the year 2026/27 horizon. As the newly integrated Small Enterprise Development and Finance Agency (SEDFA) assumes its expanded mandate under the *National Small Enterprise Amendment Act (2024)*, it faces both unprecedented opportunities for ecosystem coordination and persistent challenges stemming from institutional merger complexities, fiscal constraints, and evolving market dynamics. This analysis synthesises insights from recent policy developments including the *Incubation and Business Development Services Policy Framework (2024)*, the *Medium-Term Development Plan (2024–2029)*, and the *District Development Model Regulations (2024)* to situate SEDFA’s strategic position within South Africa’s broader socio-economic recovery and inclusive growth agenda. It serves as a foundation for prioritising interventions that consolidate the agency’s institutional strengths, address systemic weaknesses, capitalise on emerging opportunities in digitalisation and green finance, and mitigate risks related to governance, sustainability, and stakeholder confidence.

Table: SEDFA SWOT Analysis (2026/27)

SEDFA will pay attention the operating environment over the 2026/27 period to ensure adequate response to meet the business needs of its clients. The following are some of the factors to be considered by SEDFA to effectively respond to the environment.

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> • Integrated services: The merger consolidates previously fragmented support, creating a <i>one-stop shop</i> for small enterprises and improving accessibility and coordination. • Resource pooling: Consolidated funding, shared systems, and a unified workforce increase efficiency and operational effectiveness. • Combined expertise: Legacy experience from prior agencies ensures institutional continuity and smoother transition. • Clear mandate: Backed by the <i>National Small Enterprise Amendment Act (NSEAA)</i>, SEDFA now has legislative authority to drive the <i>National Integrated Small Enterprise Development (NISED) Strategy</i>. 	<ul style="list-style-type: none"> • Communication gaps: Limited public visibility of SEDFA’s identity post-merger reduces stakeholder awareness and trust. • Low trust and credibility: Historical perceptions of inefficiency and bias persist from legacy institutions. • Leadership uncertainty: The transitional leadership structure has delayed decision-making and cohesion. • Complex merger transition: Integrating diverse institutional cultures and systems remains slow and resource intensive. • Technological limitations: Current ICT systems are not yet fully integrated to support end-to-end client case management.

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> • Broad political and policy support: Strong backing from DSBD, National Treasury, and social partners positions SEDFA as central to job creation and inclusive growth. • Access to comprehensive support services: SEDFA’s integrated model enables delivery of financial and non-financial services, incubation, and ecosystem coordination under one roof. <p>Enhanced digital potential: Digitalisation of SEDFA’s systems under the Incubation and Business Development Services Policy Framework (2024) opens pathways for seamless monitoring, data-driven support, and client relationship management.</p> <p>Alignment with DDM and MTDP (2024–2029): Direct linkage to the Government of National Unity’s growth priorities strengthens SEDFA’s policy relevance and funding eligibility.</p>	<ul style="list-style-type: none"> • Change resistance: Internal resistance to transformation and lack of adaptive culture could affect service quality. • Insufficient funding: The scale of South Africa’s SME finance gap exceeds SEDFA’s current capital base. <p>Operational overstretch: Expanding mandates across finance, incubation, and ecosystem coordination risk diluting focus.</p> <p>Inadequate monitoring and evaluation systems: The absence of real-time data analytics tools limits impact assessment and adaptive learning.</p>
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> • Ecosystem coordination: Opportunity to position SEDFA as the <i>national hub for SME development</i>, integrating incubation, finance, and policy advocacy. • Technology leverage: Adoption of digital platforms, AI chatbots, and fintech tools can enhance efficiency and client service. • District Development Model (DDM): Provides spatial entry points for targeted regional interventions and inclusive ecosystem building. • Sector masterplans: Offer pathways for localisation and SME participation in priority value chains (e.g., green economy, digital services, manufacturing). • Green and sustainable finance: Growing global interest in ESG-aligned investments provides capital mobilisation potential. • Financial inclusion: Emerging <i>co-operative banking</i> and <i>fintech ecosystems</i> can unlock funding for underserved entrepreneurs. <p>G20 South Africa Presidency (2025): Opportunity to attract global investment and showcase SEDFA as a model of inclusive finance.</p> <ul style="list-style-type: none"> • Incubation & Business Development Services Policy (2024): Enables harmonised BDS standards and improved quality assurance across the national ecosystem. 	<ul style="list-style-type: none"> • Merger delays: Prolonged restructuring affects morale, credibility, and stakeholder confidence. • Political interference: Shifting political priorities may undermine strategic autonomy and long-term planning. • Fiscal constraints: National debt and limited public funds could cap budget allocations and programme expansion. • Regulatory burden: Extensive reporting and compliance requirements may constrain agility. • SME failure rates: High business mortality threatens SEDFA’s development targets and portfolio quality. • Credit and moral hazard risks: Poor repayment culture or misallocation of funds could endanger financial sustainability. • Public perception of grants vs. loans: Misunderstanding of SEDFA’s blended finance model could erode confidence. <p>Rising operational costs: Inflationary pressures and energy price volatility increase delivery costs for both SEDFA and SMEs.</p> <p>Reputational risk: Failure to deliver on promised reforms (e.g., digitisation, turnaround times) could affect credibility.</p>

Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> • Youth, women, and disability entrepreneurship priorities: National frameworks open new funding and partnership windows for inclusive growth. • Public-private partnerships: Potential for collaboration with development finance institutions, corporates, and academia to expand capacity and sustainability. 	<p>Sustainability of intermediaries: Unclear balance between direct lending and on-lending through intermediaries poses systemic risk.</p>

INTEGRATED SERVICE DELIVERY MODEL:

The Small Enterprise Development and Finance Agency (SEDFA) delivers its mandate through an integrated business model that combines financial and non-financial support within a unified small enterprise ecosystem. This model ensures that entrepreneurs receive seamless, coordinated, and accessible services across all stages of the business lifecycle from start-up to growth and sustainability.

Rooted in the principles of customer-centricity, integration, and collaboration, the model aligns closely with the National Integrated Small Enterprise Development (NISED) Strategic Framework and the Medium-Term Development Plan (MTDP) 2024–2029, ensuring that SEDFA’s interventions are both developmental and commercially viable.

The table below outlines the core components of the SEDFA business model and their implications for action planning and implementation in the 2026/27 financial year.

Business Model Component	Core Focus / Description	Implications for 2026/27 Action Planning and Implementation
<p>Customer-Centric Approach</p>	<p>Places the entrepreneur at the centre of service design and delivery, ensuring support across all business life stages (start-up, growth, and sustainability).</p>	<ul style="list-style-type: none"> • All programmes to be designed around customer journeys. • Introduction of a Single Access Portal (digital and physical) for enterprise support. • Implementation of client segmentation to tailor financial and non-financial products.
<p>Three Service Lines</p>	<p>Integrated delivery of: 1. Customer Activation & Management 2. Business Development (Non-financial) 3. Lending & Investment (Financial)</p>	<ul style="list-style-type: none"> • Develop clear KPIs for each service line to track client onboarding, business advisory sessions, and financing approvals. • Ensure coordination between BDS and FS to reduce duplication and improve turnaround times. • Integrate monitoring systems for performance tracking across value chains.

Business Model Component	Core Focus / Description	Implications for 2026/27 Action Planning and Implementation
Integrated Investment Stages	Aligns pre-investment, investment, and post-investment support to ensure continuity and reduce enterprise failure rates.	<ul style="list-style-type: none"> • Embed BDS-Finance Integration in project pipeline management. • Link pre-investment training to funding eligibility and post-investment mentorship.
Capacity Building for Ecosystem Partners	Strengthens the capability of CBIs, BDS, financial intermediaries, and incubators.	<ul style="list-style-type: none"> • Roll out capacity-building plans aligned to Co-operative Banks Act, Financial Inclusion Policy, and IBDS Policy. • Develop partner performance scorecards. • Increase number of accredited BDS providers and intermediaries.
Lending and Investment Channels	Use of direct (SEDFA-managed) and indirect (intermediary) financing mechanisms. (Development and Commercial Funds)	<ul style="list-style-type: none"> • Expand partnership MOUs with DFIs, CBIs, and banks. • Deploy blended finance and credit guarantee schemes. • Track disbursement volumes, repayment performance, and leverage ratios.
Credit Guarantee Mechanism	Serves as a transformative tool to expand MSME credit access.	<ul style="list-style-type: none"> • Introduce sector-specific guarantee products (e.g., green economy, township trade). • Establish quarterly reporting on guarantee uptake and job creation impact.
Capital Raising and Resource Mobilisation	Ensure financial sustainability through innovative funding mechanisms and partnerships.	<ul style="list-style-type: none"> • Launch a Capital Mobilisation Strategy. • Engage multilateral agencies and private investors. • Diversify revenue sources to reduce reliance on fiscal transfers.
State Property Optimisation	Rationalises SEDFA’s property portfolio for efficiency and revenue generation.	<ul style="list-style-type: none"> • Implement the Property Strategy by Q3 2026/27. • Dispose of non-performing assets. • Target positive Net Operating Income (NOI) by 2029.
District Ecosystem Facilitation Model (DEFM)	Coordinates service delivery at district level through partnerships and digital platforms.	<ul style="list-style-type: none"> • Expand DEFM to all 52 districts. • Integrate with provincial and local business centres. • Establish digital interface for reporting and coordination.

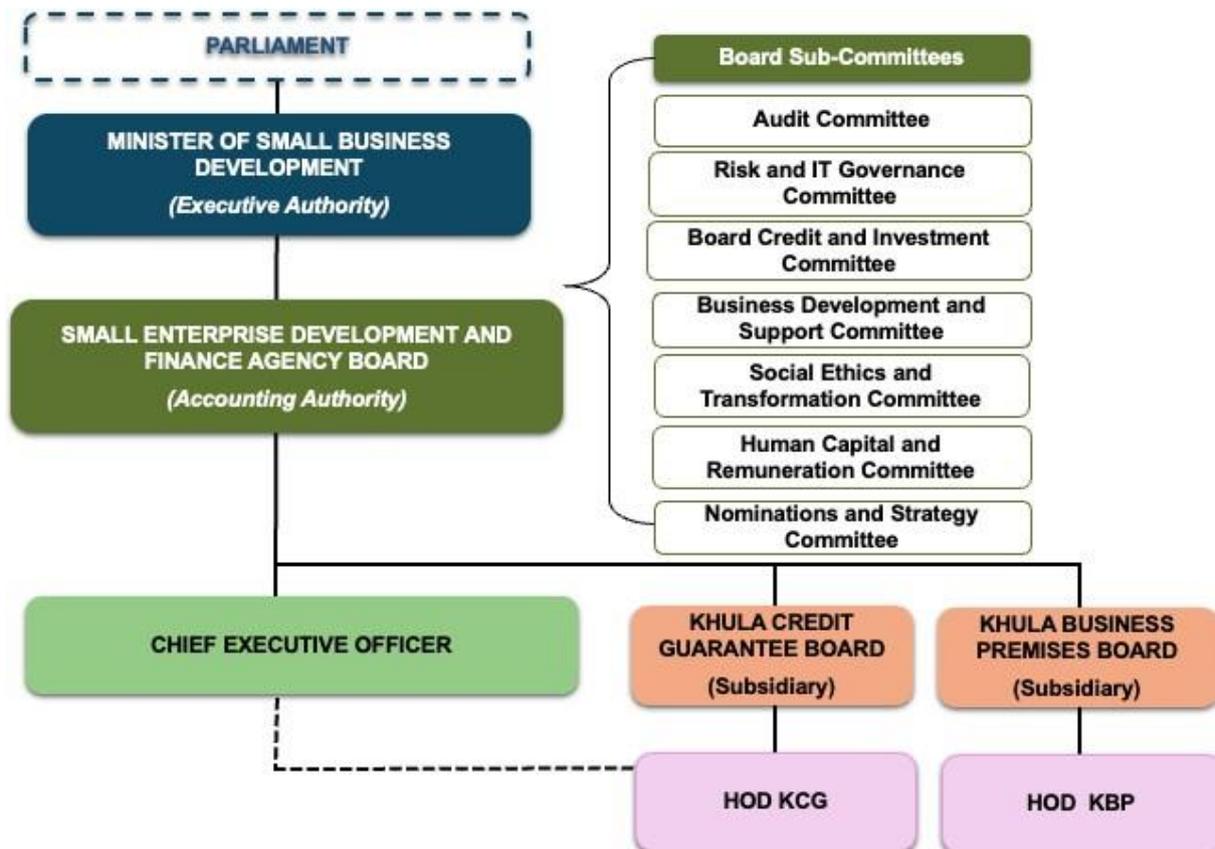
Business Model Component	Core Focus / Description	Implications for 2026/27 Action Planning and Implementation
Digital Platform and AI Integration	Centralised system to manage clients, data, and service delivery efficiency.	Integrated platform to manage SEDFA’s financial and non-financial support.

This model ensures that **SEDFA’s 2026/27 Action Plan** is grounded in **integration, accessibility, and sustainability**, combining financial and non-financial support under one ecosystem. It operationalises SEDFA’s mandate by strengthening value chain linkages, leveraging partnerships, and embedding data-driven decision-making to maximise development impact.

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 2: SEDFA corporate governance structure



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

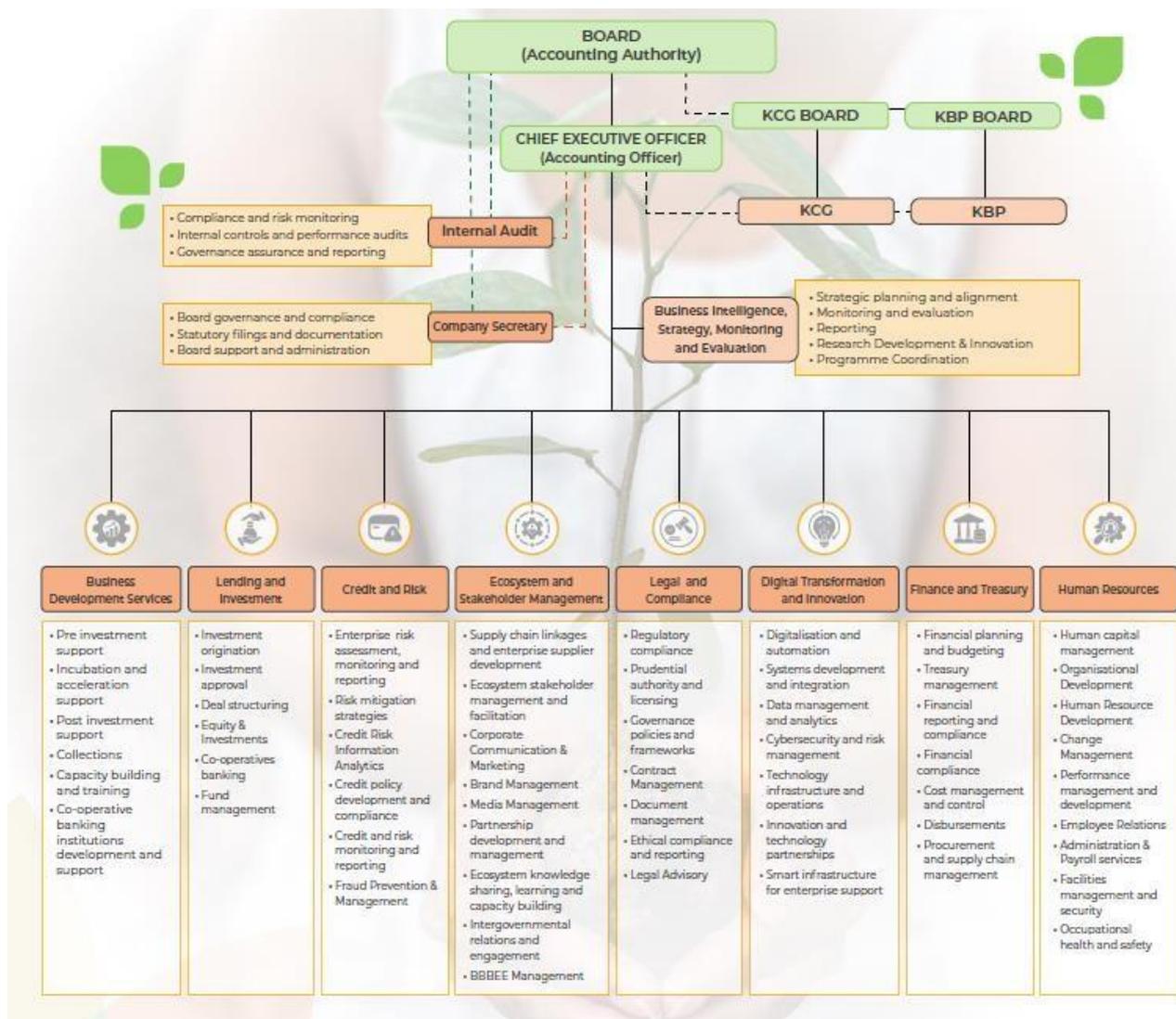
Figure 3: SEDFA core and support functions



Approved functional structure

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

Figure 4: SEDFA functional design



Notes:

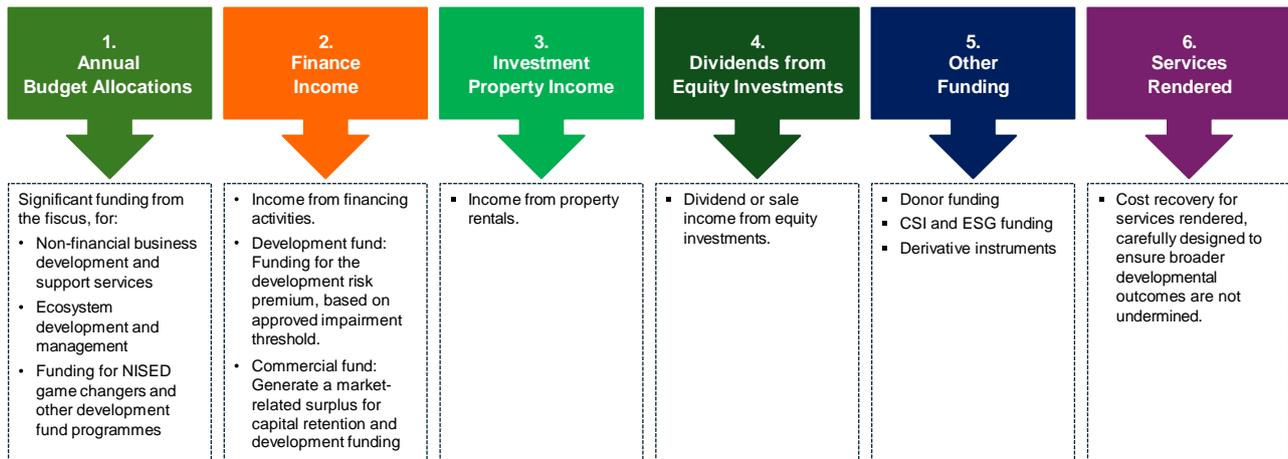
- 1) BDS and Lending and Investment are clearly delineated as critical core functions, with key activities such as pre-investment support, loan origination, and capacity articulated.

- 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 5: 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.

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

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 2026/27 APP, marking the first year of implementing the five-year strategy.

1. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

This 2026/27 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 Outcome 4.1: Increased competitiveness and sustainable growth of small enterprises in priority sectors	Business Development Services / Pre-investment Support Business Development Services / Post-investment Support

Programme	Purpose	Strategic Outcome	Business Functions
<p>3. Lending and Investment Management <i>(DFI function)</i></p>	<p>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.</p>	<p>Outcome 3.2: Enhanced access to finance by small enterprises</p>	<ul style="list-style-type: none"> ▪ Lending and Investment ▪ Khula Credit Guarantee
<p>4. Capital Management <i>(Capital raising and retention, quality of book, organisation cost structure)</i></p>	<p>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.</p>	<p>Outcome 3.1: Adequate capital to fund the growth and development of small enterprises at scale</p>	<ul style="list-style-type: none"> ▪ Lending and Investment ▪ Credit Risk
<p>5. Corporate Support Services (Administration)</p>	<p>To build a high-performance, capable workforce supported by advanced technology, infrastructure, human capital, and financial resources to sustainably lead the small enterprise ecosystem.</p>	<p>Outcome 5.1: An innovative, sustainable, and well governed agency</p>	<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
<p>Outcome 1.1: Increased effectiveness of ecosystem support and services for small enterprises</p>	<p>Ecosystem, Stakeholder Management, and Marketing</p>	<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 FY2026/27 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		
			2024/25	2025/26	2026/27	2027/28	2028/29
Outcome 1.1: Increased effectiveness of ecosystem support and services for small enterprises	ES1. Ecosystem partnership network developed	ES 1.1 Small Enterprise Ecosystem Effectiveness Index (SEEEI)	New Indicator	Establishment of the SEEEI Baseline	10% improvement of the SEEEI	15%	20%
	ES4. Quality of ecosystem managed	ES1.2. Number of registered ecosystem partners onboarded annually	New indicator	20	25	30	35

1.1.3. Output Indicators, Annual, and Quarterly Targets

Ecosystem, Stakeholder Management, and Marketing

Output Indicator	2026/7 Annual Target	Quarterly Targets			
		Q1 Apr - Jun 2026	Q2 Jul - Sep 2026	Q3 Oct - Dec 2026	Q4 Jan - Mar 2027
ES1. Ecosystem partnership network developed	10% improvement of the SEEEI				10% Improvement (Measured annually)
ES1.1. Number of registered ecosystem partners onboarded annually	25	5	8	5	7

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:	
<ul style="list-style-type: none"> 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	<p>Priority 1: Drive Inclusive Growth and Job Creation:</p> <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	<p>Outcome 3: Effective support and services delivered for small enterprise growth, both financial and non-financial:</p> <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.
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 	<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:	
<ul style="list-style-type: none"> Monitor and report on disaggregation of support to disadvantaged groups: 45% women, 30% youth, and 2% persons with disabilities 	
Specific priorities related to spatial transformation:	
<ul style="list-style-type: none"> 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) **Strengthen Institutional Capacity and Policy Alignment:**

- a) Roll out targeted capacity building programmes aligned with key policy frameworks: Co-operative Banks Act; Financial Inclusion Policy; Integrated Business Development Support (IBDS) Policy
- b) Increase the number and accreditation of Business Development Support (BDS) providers and intermediaries to elevate service quality and expand national coverage
- c) **Enhance Partner Performance and Accountability:** Developing partnership frameworks with key institutions to expand service reach, reduce operational inefficiencies, and enhance the sustainability of support programmes 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.
- d) 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.

2)

- a) Develop and implement partner performance scorecards covering operational efficiency, financial performance, compliance, outreach, and development impact.
- b) Institutionalise quarterly partner performance reviews to ensure accountability and continuous improvement.

3) **Strengthen District-Level Economic Development Ecosystem**

- a) Expand the District Enterprise Financing Model (DEFM) to all 52 districts, ensuring standardised processes, integrated reporting, and consistent service delivery.
- b) Strengthen coordination with provincial and local business centres to support a unified district-level enterprise support ecosystem.
- c) Develop a digital interface for seamless reporting, real-time monitoring, and cross-stakeholder coordination.

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.
- 5) Marketing and Communication – Driving trust and brand visibility, stakeholder engagement, and strategic messaging to align with organisational outcomes.

- 6) Relationships – Strengthening a customer-centric approach through strategic partnerships, collaborations, and active community and stakeholder engagement.

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	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Income								
Other Income	N/A	N/A	-	75 255	69 528	72 041	74 667	
Economic Classification								
Compensation of employees	N/A	N/A	5 287	28 337	34 624	37 013	39 169	
Goods and services	N/A	N/A	11 753	73 414	60 316	62 181	64 081	
Total expenses	-	-	17 040	101 751	94 941	99 194	103 250	
Capital expenditure	N/A	N/A	-	-	-	-	-	

*Audited outcomes for 2024/25 cover 6 months period (1 October – 31 March 2025)

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 was 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:		

Outcome	Business Function	Sub-Functions
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. Outcomes, Outputs, Output Indicators, and Targets

The Business Development Support (BDS) Programme represents a central pillar of SEDFA's 2025–2030 Strategic Plan, aimed at accelerating small enterprise growth, competitiveness, and sustainability through integrated, demand-driven interventions. The programme focuses on empowering Micro, Small and Medium Enterprises (MSMEs) and Co-operatives with targeted non-financial support, capacity building, and ecosystem linkages that enable them to formalise, access finance, and scale operations.

In alignment with **Outcome 2.1: Small enterprise sector growth and increased participation in the economy**, the consolidated indicators under the BDS Programme reflect SEDFA's commitment to measurable development outcomes across the enterprise lifecycle from formalisation and entrepreneurship development to incubation and market access. These indicators track the number of informal enterprises supported to transition into the formal economy, small enterprises benefiting from business development services, women, youth, and persons with disabilities (WYPD) accessing funding, co-operatives strengthened, and enterprises graduating from incubation programmes.

Collectively, these performance measures aim to demonstrate SEDFA's expanding footprint in supporting entrepreneurship, enhancing productivity, and improving turnover among small enterprises. Over the **Medium-Term Expenditure Framework (MTEF) period (2025/26–2029/30)**, the programme seeks to scale impact through increased outreach, stronger institutional partnerships, and the deployment of innovative service delivery models that respond to the evolving needs of South Africa's small enterprise sector.

1.2.3. Outcomes, Outputs, Output Indicators, and Targets

Business Development Support Services²

Outcome	Output	Output Indicator	Audited Performance**	MTEF Targets			
				2024/25	2025/26	2026/27	2027/28
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 ³ support	New indicator	10,000	11,000	12,000	13 000
	BD2. Potential entrepreneurs reached through entrepreneurship awareness and promotion	BD2.1 Number of potential entrepreneurs reached through entrepreneurship awareness and promotion	New indicator	45,000	50,000	55,000	60,000
	BD3. Entrepreneurship development to Township and Rural based businesses	BD3.1. Number of small enterprises supported with business development in Township & Rural areas	New indicator	New indicator	26,000	27,000	28,000
	BD4. Small enterprises incubated	BD4.1. Number of small enterprises graduating from the incubation programme	New indicator	New indicator	240	260	280
Outcome 4. Increased competitiveness and sustainable growth of small enterprises in priority sectors	BD5. Mentorship, training, and capacity building provided	BD5.1. Number of clients supported with training, mentorship and coaching	New indicator	22,000	25,000	26,000	27,000
	BD6. Quality and productivity improvement interventions provided	BD6.1. Number of clients supported with quality improvement interventions	New indicator	250	256	275	300

² SEDFA as part of its 2025-2030 Strategic Plan has committed to supporting 1 million MSMEs. Of these businesses, 36 000 has been identified as start-up enterprises under formalisation. Quarterly performance reporting will reflect the number of start-up enterprises that have been supported out of the total number of businesses supported in any given quarter.

³ Businesses supported with formalisation are to start-up businesses.



Outcome	Output	Output Indicator	Audited Performance**	MTEF Targets				
			2024/25	2025/26	2026/27	2027/28	2028/29	
		BD6.2. Number of clients supported with productivity improvement interventions	New indicator	250	256	275	300	
	BD7. Post investment managed	BD7.1. Percentage collection rate (all-in-cash collections)	85%	85%	87.5%	90%	92.5%	
	BD8. Small enterprises supported to access local and export markets	BD8.1. Number of Small enterprises supported to access local and export markets	New Indicator	New Indicator	3,380	3,400	3,500	
Outcome 1.1: Increased effectiveness of ecosystem support and services for small enterprises	BD9. Jobs created and sustained by supported small enterprises	BD9.1 Number of jobs created by small enterprises supported with business development	New Indicator	New Indicator	10 600	11 660	12 826	
		BD9.2 Number of jobs sustained by small enterprises supported with business development	New Indicator	New Indicator	20 200	22 220	24 442	
	BD10. Number of small enterprises whose turnover has increased by a minimum of 5% through SEDFA’s interventions	BD10.1 Number of small enterprises whose turnover has increased by a minimum of 5% through SEDFA’s interventions	3 403	3 500	3 700	4 000	4,200	

Output Indicator	2026/27 Annual Target	Quarterly Targets			
		Q1 Apr - Jun 2026	Q2 Jul - Sep 2026	Q3 Oct - Dec 2026	Q4 Jan - Mar 2027
BD1.1. Number of informal small enterprises provided with formalisation ⁴ support ⁵	11,000	2,200	3,300	2,200	3,300
BD2.1. Number of potential entrepreneurs reached through entrepreneurship awareness and promotion	50,000	10,000	15,000	10,000	15,000
BD3.1. Number of small enterprises supported with business development in Township & Rural areas	26,000	5,200	7,800	5,200	7,800
BD4.1. Number of small enterprises graduating from the incubation programme	240	48	72	48	72
BD5.1. Number of clients supported with training, mentorship and coaching	25,000	5,000	7,500	5,000	7,500
BD6.1. Number of clients supported with quality improvement interventions	256	51	77	51	77
BD6.2. Number of clients supported with productivity improvement interventions	256	51	77	51	77
BD7.1. Percentage collection rate (all-in-cash collections)	85%	85%	85%	85%	85%

⁴ Businesses supported with formalisation are to start-up businesses.

⁵ Under BDS, enterprises supported with formalisation are start-up businesses. For the year under review, 2026/27, SEDFA is targeting 11 000 MSMEs.

SEDFA Annual Performance Plan 2026-2027

Output Indicator	2026/27	Quarterly Targets			
	Annual Target	Q1 Apr - Jun 2026	Q2 Jul - Sep 2026	Q3 Oct - Dec 2026	Q4 Jan - Mar 2027
BD8.1. Number of Small enterprises supported to access local and export markets	3,380	676	1014	676	1014
BD9.1 Number of jobs created by small enterprises supported with business development	10,600	2,120	3,180	2,120	3,180
BD9.2 Number of jobs sustained by small enterprises supported with business development	20,200	4,040	6,060	4,040	6,060
BD10.1 Number of small enterprises whose turnover has increased by a minimum of 5% through SEDFA's interventions	3,700	740	1,110	740	1,110

Explanation of Planned Performance

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: 1. Implementation of Township and Rural Entrepreneurship Programme. 2. Supplier Development Partnership Programme (linked to private sector and public sector markets) and supported through incubators. ▪ Delivery of cost-effective support to small enterprises.
IBDS Policy	Contribution to MTDP 2024-2029 and national priorities:
	<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 development programmes implemented ▪ BD7. Priority sector and high impact growth projects supported ▪ BD8. Mentorship, training, and capacity building provided 	<ul style="list-style-type: none"> ▪ Enhanced township and rural partnership programme (Shared with Lending/Investment) ▪ Youth support programme ▪ Incubation support programme ▪ SEDFA enterprise coaching programme ▪ Senior Expert Service (SES) ▪ Export Development Programme ▪ Enterprise Supplier Development

<ul style="list-style-type: none"> ▪ BD9. Quality and productivity improvement interventions provided ▪ BD10. Small enterprises linked to domestic and export markets ▪ BD5. Small enterprises incubated ▪ ES5. Jobs created and sustained by supported small enterprises 	<ul style="list-style-type: none"> ▪ Post-incubation support programme (supporting incubatees that have graduated) ▪ Post Investment Management Programme
<p>Specific priorities related to women, youth, and PWDs:</p>	
<p>Targeted disaggregation of non-financial support to small enterprises owned by disadvantaged groups:</p> <ul style="list-style-type: none"> ▪ 45% women-owned, 30% youth-owned, and 2% persons with disabilities owned 	
<p>Specific priorities related to spatial transformation</p>	
<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. 	

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

The purpose of SEDFA’s support for co-operative banking institutions (CBIs) is to empower CBI members to be 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
<p>Outcome 1.2: Increased access to financial services and economically transformed communities through co-operative banking</p>	<p>Business Development Services:</p> <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 ▪ 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 FY2026/27 programme performance plan is reflected in the log frame tables below.

1.2.5. 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	2027/28
Outcome 1.2. Increased access to financial services and economically transformed communities through co-operative banking	CB1. Co-operative Banking Support and Advancement	CB1.1 Number of new CBIs established	-	-	-	New indicator	1	1	1

1.2.6. Output Indicators, Annual, and Quarterly Targets

Co-operative Banking Support and Advancement:

Output Indicator	2026/27 Annual Target	Quarterly Targets			
		Q1 Apr - Jun 2026	Q2 Jul - Sep 2026	Q3 Oct - Dec 2026	Q4 Jan - Mar 2027
CB1.1. Number of new CBIs established	1 CBI established	-	-	-	1

1.2.7. Explanation of Planned Performance

Business Development Services:

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	<p>Priority 1: Drive Inclusive Growth and Job Creation:</p> <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	<p>Outcome 3: Effective support and services delivered for small enterprise growth, both financial and non-financial:</p> <ul style="list-style-type: none"> ▪ Output: Build and promote expanded supply of support to small enterprises.
Co-operative Banking Sector Development Strategy, 2021	<p>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:</p> <ul style="list-style-type: none"> ▪ Value-added products and systems Robust sources of funds Digital delivery channels
Specific priorities related to women, youth, and PWDs:	
<p>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.</p>	
Specific priorities related to spatial transformation:	
<p>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</p>	

1.2.8. Resource Considerations

Business Development Services: Revenue and Expenditure Estimates by Economic Classification

Business Development	Audited Outcomes			Projected Expenditure	MTEF Expenditure Estimates		
	R'000	2022/23	2023/24		2024/25	2025/26	2026/27
Revenue from Non-Exchange Transactions							
Government transfers	N/A	N/A	392 137	311 824	215 148	219 067	230 020
Specific and DSBD Projects				183 969	55 822	25 000	25 000
Revenue from Exchange Transactions							
Other Income			5 401	26 889	5 754	-	-
Expenditure by Economic Classification							
Compensation of employees	N/A	N/A	183 765	451 835	498 922	542 521	561 228
Depreciation	N/A	N/A	22 897	41 606	49 886	52 982	56 283
Goods and services	N/A	N/A	195 352	807 532	380 683	392 500	404 358
Total expenses	-	-	402 015	1 301 023	929 491	988 003	1 021 868

*Audited outcomes for 2024/25 cover 6 months period (1 October – 31 March 2025)

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 both direct and indirect financing channels. 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
<p>Outcome 3.1: Enhanced access to finance by small enterprises</p>	<p>Lending and Investment</p>	<p>Investment origination, deal structuring and approval of loans through:</p> <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 FY2026/27 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		
			2024/25 ⁶	2025/26	2026/27	2027/28	2028/29
2Outcome 3.1: Enhanced access to finance by small enterprises	LI1. Small enterprises financed	LI1.1. Value of approvals to small enterprises (R'000)	2 006 879	1 320 000	1 760 000	1 848 000	1 940 400
		LI1.2. Value of disbursements to small enterprises (R'000)	3 304 275	1 056 000	2 556 715	2 586 533	2 365 020
		LI1.3. Number of small enterprises financed ⁷	165 068	99 750	183 225	204 186	209 395
		LI1.4 Number of Start-up businesses financed	New Indicator	New Indicator	15 000	17 000	18 000
	LI3. Small enterprises financed by Partner Institutions (PIs) at the back of the guarantee facility	LI3.1 Value of approvals to Partner Institutions (PI) (R'000)	300 010	450 000	450 000	450 000	450 000
		LI3.2. Value of credit guarantees taken up by small enterprise borrowers ⁸ (R'000)	1 388 734	906 000	996 000	1 149 449	1 264 394
		LI4.2. Number of small enterprises funded by PIs at the back of the credit guarantee	1 064	500	800	1 216	1 458
		LI5.1. Turnaround time for direct lending (days)	128 days	50 days	40 days	30 days	30 days

⁷ SEDFA as part of its 2025-2030 Strategic Plan has committed to supporting 1 million MSMEs. Of these businesses, 50 000 (or 5%) has been identified as start-up enterprises. Quarterly performance reporting will reflect the number of start-up enterprises that have been supported out of the total number of businesses supported in any given quarter.

Outcome	Output	Output Indicator	Audited Performance	Estimated Performance	MTEF Targets		
			2024/25 ⁶	2025/26	2026/27	2027/28	2028/29
	LI5. Turnaround time for lending managed ⁹	LI5.2. Turnaround time for indirect lending (wholesale and credit guarantees) (days)	178 days	50 days	40 days	35 days	35 days
	LI6. Jobs created and sustained by small enterprises supported financially	LI6.1. Number of jobs created by small enterprises supported financially	100 508	56 700	75 000	82 500	90 750
		LI6.2. Number of jobs sustained by small enterprises supported financially	93 980	132 300	65 000	71 500	78 650

⁹ 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.

1.3.3. Output Indicators, Annual, and Quarterly Targets

Lending and Investment:

Output Indicator	2026/27 Annual Target	Quarterly Targets			
		Q1 Apr - Jun 2026	Q2 Jul - Sep 2026	Q3 Oct - Dec 2026	Q4 Jan - Mar 2027
LI1.1. Value of approvals to small enterprises (R'000)	1 760 000	352 000	528 000	528 000	352 000
LI1.2. Value of disbursements to small enterprises (R'000)	2 556 715	511 343	767 015	767 015	511 343
LI1.3 Number of small enterprises financed	183 225	36 645	54 968	54 968	36 645
LI1.4 Number of Start-up businesses financed	15 000	3 000	4 500	4 500	3 000
LI3.1. Value of approvals to PIs (R'000)	450 000	90 000	135 000	135 000	90 000
LI3.2. Value of credit guarantees taken up by small enterprise borrowers (R'000)	996 000	199 200	298 800	298 800	199 200
LI4.2. Number of small enterprises funded by PIs at the back of the credit guarantee	800	160	240	240	160
LI5.1. Turnaround time for direct lending (days)	40 days	40 days	40 days	40 days	40 days
LI5.2. Turnaround time for indirect lending (wholesale and credit guarantees) (days)	40 days	40 days	40 days	40 days	40 days

Output Indicator	2026/27 Annual Target	Quarterly Targets			
		Q1 Apr - Jun 2026	Q2 Jul - Sep 2026	Q3 Oct - Dec 2026	Q4 Jan - Mar 2027
ES5.1. Number of jobs created by small enterprises supported financially	75 000	15 000	22 500	22 500	15 000
ES6.1. Number of jobs sustained by small enterprises supported financially	65 000	13 000	19 500	19 500	13 000

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	<p>Priority 1: Drive Inclusive Growth and Job Creation:</p> <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	<p>Outcome 3: Effective support and services delivered for small enterprise growth, both financial and non-financial:</p> <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.
MSMEs 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 LI3. Small enterprises financed by PFIs at the back of the guarantee facility LI4. Small enterprises accessing credit from PFIs covered by the guarantee facility	<p>Blended Finance programmes/funds:</p> <ul style="list-style-type: none"> ▪ Indirect Lending Programme via financial intermediaries ▪ Co-operatives Financing Programme

<p>LI5. Turnaround time for lending managed ES5. Jobs created and sustained by supported small enterprises</p>	<ul style="list-style-type: none"> ▪ Financing programme for entrepreneurs with disability ▪ Enhanced Township and Rural Partnership Programme. ▪ Spaza shop support programme ▪ Social entrepreneurship programme ▪ Women Entrepreneurship programme ▪ Youth Entrepreneurship programme ▪ Inyamazane Military Veteran Programme ▪ Small enterprise manufacturing support programme ▪ Niche Priority Sector and High-impact Projects, e.g., Cannabis/Hemp Sector Support Programme (MTDP) ▪ Co-operative Banking Finance Programme <p>Non-Start-up targeted programmes/funds:</p> <ul style="list-style-type: none"> • Franchise Fund • Joint Venture Funds • Construction Programme/Fund • Equity Finance Fund <p>Khula Credit Guarantee:</p> <ul style="list-style-type: none"> • Portfolio Credit Guarantee Partnerships Programme • Supplier Credit Guarantee Programme
<p>Specific priorities related to women, youth, and PWDs:</p>	
<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. 	
<p>Specific priorities related to spatial transformation</p>	
<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 Revenue/Expenditure	MTEF Expenditure Estimates		
	R'000	2022/23	2023/24		2024/25*	2025/26	2026/27
Revenue from Non-Exchange Transactions							
Grants Income – Loan Programmes	N/A	N/A	466 145	785 811	864 663	836 876	823 868
Revenue from Exchange Transactions							
Loan interest received	N/A	N/A	81 546	204 234	209 717	265 793	318 320
Fees from services rendered	N/A	N/A	3 292	14 288	23 556	24 407	23 351
Insurance Revenue	N/A	N/A	6 752	31 135	28 393	31 083	34 191
Profit from equity accounted investments	N/A	N/A	33 454	60 026	64 549	67 471	70 780
Economic Classification							
Compensation of employees	N/A	N/A	57 123	109 990	156 898	174 213	182 243
Goods and services	N/A	N/A	10 231	19 638	42 064	36 754	36 358
Grants paid	N/A	N/A	153 620	181 141	325 450	311 086	306 904
Insurance Expenses	N/A	N/A	11 068	91 991	49 690	7 468	25 432
Increase/(decrease) in ECL	N/A	N/A	(66 854)	444 566	579 333	485 456	467 382
Total expenses			165 189	847 327	1 153 436	1 014 978	1 018 319

*Audited outcomes for 2024/25 cover 6 months period (1 October – 31 March 2025)

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: Adequate capital to fund the growth and development of small enterprises at scale	Lead: Lending and Investment	<ul style="list-style-type: none"> Capital raising/resource mobilisation Fund management
	Support:	
	Business Development Services	<ul style="list-style-type: none"> Contributor to resource mobilisation
	Ecosystem and Stakeholder Management	<ul style="list-style-type: none"> Contributor to resource mobilisation
	Finance and Treasury	<ul style="list-style-type: none"> Capital investment management
	Credit Risk Management	<ul style="list-style-type: none"> Credit risk, mitigation, data analytics, and reporting
Legal and Compliance	<ul style="list-style-type: none"> Contract management, legal advisory, and regulatory compliance 	

The FY2026/27 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	MTEF Targets				
			2024/25	Estimated Performance 2025/26	2026/27	2027/28	2028/29
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)	N/A	R 1,625,000	R 1,800,000	R 1,900,000	R 2,000,000
	CM2. Credit risks assessed and mitigated	CM2.1. Blended first default rate	14%	14.5%	15%	15%	15%
	CM3. Accumulated impairment provision managed	CM3.1. Average accumulated impairment provision as a percentage of total loans and advances	70%	30% (New loan book)	<30%	<30%	<30%

1.4.3. Output Indicators, Annual, and Quarterly Targets

Capital Management:

Output Indicator	2026/27 Annual Target	Quarterly Targets			
		Q1 Apr - Jun 2026	Q2 Jul - Sep 2026	Q3 Oct - Dec 2026	Q4 Jan - Mar 2027
CM1.1. Rand value of additional capital raised (R'000)	R1 800 000	-	-	-	R1 800 000
CM2.1. Blended first default rate	15%	15%	15%	15%	15%
CM3.1. Average accumulated impairment provision as a percentage of total loans and advances	30%	30%	30%	30%	30%

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	<p>Priority 1: Drive Inclusive Growth and Job Creation:</p> <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	<p>Outcome 3: Effective support and services delivered for small enterprise growth, both financial and non-financial:</p> <ul style="list-style-type: none"> ▪ Output: Delivery of cost-effective support to small enterprises.
MSMEs 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:
<p>CM1. Resources mobilised to expand support to small enterprises</p> <p>CM2. Credit risks assessed and mitigated</p> <p>CM3. Impairment ratio managed</p> <p>CM4. Specialised funds managed</p>	<p>Capital raising and resource mobilisation strategy</p> <p>Policies and frameworks:</p> <p>Investment and credit risk policy</p> <p>Risk Appetite Framework</p> <p>Sector-Based Cash Flow Projection Model</p>
Specific priorities related to women, youth, and PWDs:	
6. n/a	

1.4.5. Resource Considerations

Capital Management: Expenditure Estimates by Economic Classification¹⁰

Capital Management	Audited Outcomes			Projected Expenditure	MTEF Expenditure Estimates		
	R'000	2022/23	2023/24		2024/25	2025/26	2026/27
Economic Classification							
Compensation of employees	N/A	N/A	N/A	N/A	-	-	-
Goods and services	N/A	N/A	N/A	N/A	2 000	2 080	2 080
Total expenses	-	-	-	-	2 000	2 080	2 080

¹⁰ Resource Considerations for Capital Management have been captured under Lending and Investment as well as Corporate Support Functions.

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.
- Governance, risk and compliance – Upholding transparent and accountable governance with strategic risk management, compliance, ethical standards, ESG integration, and sustainability reporting.

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.

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 and Facilities 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

Outcome	Business Function	Sub-Functions
	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
	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 FY2026/27 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		
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Outcome 5: An innovative, sustainable, and well-governed agency	CS 1. Sound financial management and internal controls implemented	CS 1.1. External Audit Opinion	Unqualified Audit Opinions	Unqualified Audit Opinions	Unqualified Audit Opinions	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion
	CS 2. Financial sustainability managed	CS 2.3. Rental collection rate	56%	66%	69%	60%	65%	65%	65%
	CS 3. DTI 1: Implement Digital Strategy working towards Integrated Digital Ecosystem Platform Implemented and Optimised	CS-3 Percentage achievement against approved Digital Strategy	-	-	Digital roadmap approved; limited integration across systems	Core omnichannel platform operational; dashboards implemented; 60% priority workloads cloud-migrated; 30% SME digital onboarding	API layer operational; 75% workloads cloud-enabled; 15% SME digital adoption; marketplace integrated	Real-time ecosystem dashboards; 85% workloads cloud-enabled; 30% SME lifecycle digital	100% core workloads cloud-enabled; predictive analytics embedded; 75% SME digital utilisation; Data Marketplace operational
	CS5 Organisational performance, culture, and capabilities developed	CS5.1 Percentage of Employee Satisfaction	-	-	New indicator	New Indicator	50%	55%	60%
	CS7. Fraud prevented and managed	CS6.1. Percentage of investigations finalised	-	-	New indicator	80%	80%	80%	80%

MTEF estimates preliminary

1.5.4. Output Indicators, Annual and Quarterly Targets

Responsible Function	Output Indicator	2026//27 Annual Target	Quarterly Targets			
			Q1 Apr - Jun 2026	Q2 Jul - Sep 2026	Q3 Oct - Dec 2026	Q4 Jan - Mar 2027
Finance	CS1.1. External Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion
KBP	CS2.3. Rental collection rate	65%	65%	65%	65%	65%
Digital Transformation and Innovation	CS-3 Percentage achievement against approved Digital Strategy	API layer operational; 75% workloads cloud-enabled; 15% SME digital adoption; marketplace integrated	API integration framework approved; 65% workloads cloud-enabled;	Core API integrations deployed (min 2 partners); 70% workloads cloud-enabled; OneSEDFA development in progress;	API layer fully operational (min 3 integrations live); 73% workloads cloud-enabled; OneSEDFA - API integration completed.	API performance stabilised and monitored; 75% workloads cloud-enabled achieved; 15% SME digital adoption achieved
Human Capital Management	CS5.1 Percentage of Employee Satisfaction	50%	-	-	-	50%
Risk Management / Legal and Compliance	CS7. Percentage of investigations finalised	80%M	40%	50%	60%	80%

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	<p>Priority 3: Build a capable, ethical and development state:</p> <ul style="list-style-type: none"> ▪ Rebuild the capability of the state and create a professional public service. ▪ Digital transformation across the state.
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APP outputs to deliver the outcome:	Key programmes and initiatives to deliver the outputs:
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<p>CS1. Sound financial management and internal controls implemented</p> <p>CS2. Financial sustainability managed</p> <p>CS3. Digital systems implemented</p> <p>CS4. Knowledge and strategic research reports produced</p> <p>CS5. New SEDFA products and services piloted</p> <p>CS6. Organisational performance, culture, and capabilities developed</p> <p>CS7. Fraud prevented and managed</p>	<p>Review and update financial policies, key one being the Cash Investment Policy</p> <p>Appointment of an outsourced treasury function</p> <p>Human capital policies and programmes</p> <p>ICT / digital transformation strategy and implementation plan</p> <p>Property turnaround and/or divestment strategy</p> <p>Enterprise risk management framework</p> <p>Governance and internal controls policies and procedures</p> <p>Facilities management plan</p>
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Specific priorities related to women, youth, and PWDs:

7. Achievement of set employment equity targets

1.5.5. Resource Considerations

Income and Expenditure Estimates by Economic Classification

Corporate Support Services	Audited Outcomes			Projected Expenditure	MTEF Expenditure Estimates		
	R'000	2022/23	2023/24	2024/25*	2025/26	2026/27	2027/28
Revenue from Exchange Transactions							
Investment Income	-	-	216 780	328 995	292 355	241 631	184 457
Investment Property Income	-	-	13 907	26 279	28 202	28 673	30 442
Fair value adjustment investment properties	-	-	2 382	5 974	14 791	15 123	16 635
Revenue from Non- Exchange Transactions							
Unconditional grant Income	-	-	231 293	894 401	1 001 630	1 030 863	1 037 115
Economic Classification							
Compensation of employees	-	-	98 351	245 407	324 391	373 694	363 518
Goods and services	-	-	107 538	146 573	219 840	221 855	222 021
Investment properties expenses	-	-	40 235	69 136	99 832	79 866	71 879
Depreciation			20 687	37 657	46 009	58 781	49 645
Loss on sale of investment properties	-	-	-	-	161	43 497	-
Income tax expense			90 915	65 414	9 955	21 020	26 393
Total expenses (including tax)	-	-	357 726	564 187	700 189	798 713	763 455
Total expenses (excluding tax)			266 812	498 773	690 234	777 693	737 062

2. SEDFA FINANCIAL PLAN AND ANNUAL BUDGET FOR 2026/27 MTEF

2.1. Overall 2026/27 MTEF Budget Sources

2026/27 MTEF FIGURES R'000	MTEF BUDGET				
	2026/27	2027/28	2028/29	TOTAL MTEF	% Split
Programme 1: Ecosystem Development and Management	94 941	99 194	103 250	297 384	3.4%
Programme 2: Business Development Services	929 491	988 003	1 021 868	2 939 362	34.0%
Programme 3: Lending and Investment	1 153 436	1 014 978	1 018 319	3 186 733	36.9%
Programme 4: Capital Management	2 000	2 080	2 080	6 160	0.1%
Programme 5: Corporate Support Services	690 234	777 693	737 062	2 204 989	25.5%
Total	2 870 100	2 881 947	2 882 580	8 634 627	100%

Projected Balance Sheet for 2026/27 and the MTEF

STATEMENTS OF FINANCIAL POSITION R'000	GROUP R'000					
	Audited March 2025	2026 Forecast	2026 BUDGET	2027 BUDGET	2028 BUDGET	2029 BUDGET
ASSETS						
Cash and cash equivalents (Group)	5 300 690	4 492 150	3 739 794	3 966 084	4 492 497	5 256 280
Cash and cash equivalents (Managed Funds)	724 066	601 791	-	201 333	103 438	81 438
Trade and other receivables	248 540	495 616	419 229	354 459	427 376	501 196
Provisional tax paid	-	48 961	-	46 184	23 895	-
Loans and advances	1 253 536	1 538 208	1 914 788	2 109 489	2 597 532	2 905 913
Investment properties	254 141	268 262	259 626	279 018	297 965	316 176
Equipment, furniture and other tangible assets	44 319	48 001	64 782	37 150	28 523	34 150
Intangible assets	5 643	6 355	8 101	33 858	25 546	22 087
Right-of-use assets	91 601	7 871	7 332	9 092	9 478	9 899
Deferred tax asset	6 169	6 169	3	-	-	-
Equity investments	1 073 292	1 122 569	1 072 834	1 150 259	1 182 314	1 215 852
TOTAL ASSETS	9 001 997	8 635 953	7 486 489	8 186 926	9 188 564	10 342 991
EQUITY AND LIABILITIES						
Shareholder and Other Reserves	4 246 344	4 373 242	4 246 344	4 373 242	4 373 242	4 373 242
Retained earnings and other reserves	(1 144 107)	(744 581)	(1 313 613)	(1 036 363)	(1 013 539)	(902 338)
TOTAL EQUITY	3 102 237	3 628 661	2 932 731	3 336 879	3 359 703	3 470 904
Liabilities						
Trade and other payables	1 070 749	747 822	89 903	359 101	284 195	282 389
Tax payable	13 232	-	4 322	-	-	56 785
Grants Received in Advance	4 526 275	4 019 042	4 223 167	4 235 538	5 321 246	6 343 765
Lease Liabilities	105 917	11 923	9 668	11 051	11 457	11 895
Insurance contracts issued that are liabilities	108 850	159 376	157 787	181 718	156 716	130 589
Post-retirement medical liability	517	667	641	817	975	975
IDC loan	74 220	68 462	68 270	61 822	54 272	45 689
TOTAL LIABILITIES	5 899 760	5 007 292	4 553 758	4 850 047	5 828 861	6 872 087
TOTAL EQUITY AND LIABILITIES	9 001 997	8 635 953	7 486 489	8 186 926	9 188 564	10 342 991

2.2. Projected Income Statement for 2026/27 and the MTEF

STATEMENTS OF COMPREHENSIVE INCOME R'000	GROUP R'000					
	Audited					
	March 2025	2026 Forecast	2026 BUDGET	2027 BUDGET	2028 BUDGET	2029 BUDGET
Interest from lending operations	81 546	154 018	186 510	168 436	234 800	288 921
Increase in expected credit losses on loans and advances	66 854	(518 845)	(546 263)	(420 735)	(459 134)	(449 529)
Profit/(Loss) from lending activities	148 400	(364 827)	(359 753)	(252 299)	(224 334)	(160 608)
Fee income from loans	3 282	18 258	27 776	19 897	18 196	18 211
Indemnity fees	-	1 786	2 067	-	-	-
Investment property rental income	13 907	26 086	24 823	27 150	28 372	29 648
Interest on overdue rental debtors	24	51	84	143	150	157
Investment income	216 780	302 634	311 315	255 394	255 489	255 442
Other income	35 617	73 635	158 701	150 614	102 140	90 305
Lease liability finance cost	(5 679)	(1 673)	(1 067)	(1 067)	(1 141)	(1 223)
Interest expense on IDC Loan	(4 926)	(9 242)	(9 135)	(8 360)	(7 450)	(6 417)
Gross Profit/(loss) after finance costs	407 405	46 708	154 811	191 472	171 422	225 515
Net fair value (loss)/gain on investment properties	2 382	5 974	(1 133)	5 000	8 000	8 360
Increase in impairments on investments	(8 232)	(916)	(3 512)	1 158	2 010	2 145
Investment property expenses	(40 235)	(77 625)	(92 257)	(107 166)	(108 954)	(109 590)
Personnel expenses	(372 454)	(899 870)	(939 850)	(1 016 918)	(1 079 279)	(1 144 880)
Other operating expenses	(175 172)	(462 080)	(596 407)	(767 839)	(727 816)	(711 615)
Operating Profit (loss)	(343 897)	(2 189 539)	(1 978 667)	(1 694 293)	(1 734 617)	(1 730 065)
Profit from equity accounted investments, net of tax	33 454	37 410	36 249	39 078	40 132	42 100
Unconditional Grant Income	8 288	969 296	733 329	1 178 538	1 265 482	1 300 207
Grant Income Received- Loan Programmes	602 013	861 612	997 729	697 869	629 346	705 729
Grants paid - Loan Programmes	(153 620)	(276 711)	(223 306)	(191 666)	(154 219)	(147 029)
Profit/ (Loss) before tax	625 512	(96 114)	1 432	29 526	46 124	170 942
Income tax credit/(charge)	(90 915)	-	(387)	(8 946)	(22 290)	(80 679)
Net Profit/(loss)	534 597	(96 114)	1 045	20 580	23 834	90 263
Other comprehensive income	(1 210)	-	-	-	-	-
Total comprehensive profit/(loss) for the year	533 387	(96 114)	1 045	20 580	23 834	90 263

2.3. Cash Flow Projections for 2026/27 and the MTEF

SEDFA Group Management Budget FY2027 - FY2029							
STATEMENTS OF CASH FLOWS R'000							
	GROUP R'000						
	Audited March 2025	DEC YTD	2026 Forecast	2026 BUDGET	2027 BUDGET	2028 BUDGET	2029 BUDGET
Cash flows from operating activities							
Cash utilised by operations	(117 046)	(1 182 650)	(1 741 352)	(1 871 557)	(2 097 362)	(1 974 389)	(1 963 096)
Loans and advances awarded to customers or investees	(9 217)	(431 684)	(594 444)	(1 215 099)	(936 410)	(1 217 974)	(1 060 886)
Grant income received	147 490	1 342 218	2 068 042	1 907 603	1 954 441	2 038 175	2 093 532
Tax paid	(89 217)	(61 108)	(61 639)	-	(1 057)	(2 250)	(15 127)
Net cash utilised by operating activities	(67 990)	(333 224)	(329 393)	(1 179 053)	(1 080 388)	(1 156 438)	(945 577)
Cash flows from investing activities							
Purchase of equipment, furniture and other	(6 591)	(12 043)	(15 063)	(30 950)	(36 418)	(25 951)	(25 992)
Purchase of intangible assets	(1 138)	(5 373)	(7 373)	(5 000)	(34 355)	(7 425)	(7 498)
Improvements on investment properties	-	(1 462)	(1 462)	(13 000)	(22 791)	(25 810)	-
Investment income	216 804	264 212	340 334	323 481	304 439	254 078	197 515
(Acquisition) / disinvestment of investments	23 168	(30 997)	(27 997)	3 000	500	(2 500)	(2 500)
Proceeds from sale of property and equipment	299	3 412	3 412	-	-	-	-
Proceeds from sale of investment properties	-	-	-	4 000	4 780	7 580	-
Net cash generated by investing activities	232 542	217 749	291 851	281 531	216 155	199 972	161 525
Cash flows from financing activities							
Capital repayment of the lease liabilities	(31 181)	(48 954)	(79 919)	(15 849)	(91 329)	(90 298)	(95 466)
Loan Repayment to IDC	(7 500)	(15 000)	(15 000)	(15 900)	(15 000)	(15 000)	(15 000)
Net cash from financing activities	(38 681)	(63 954)	(94 919)	(31 749)	(106 329)	(105 298)	(110 466)
Net increase/(decrease) in cash and cash equivalents	125 872	(179 431)	(132 462)	(929 272)	(970 562)	(1 061 764)	(894 518)
Cash and cash equivalents at beginning of year	5 898 931	6 008 265	6 008 265	4 669 113	5 875 805	4 905 243	3 843 479
Cash and cash equivalents at end of year	6 024 803	5 828 834	5 875 803	3 739 841	4 905 243	3 843 479	2 948 961
Cash held on behalf of managed funds	(724 066)	(787 652)	(656 942)	-	(507 242)	(457 242)	(457 242)
Cash attributable to the Group	5 300 737	5 041 182	5 218 861	3 739 841	4 398 001	3 386 237	2 491 719

3. KEY RISKS AND MITIGATIONS

Outcome	Key Risk	Risk Mitigation
<p><u>Outcome 1.1.</u> Increased effectiveness of ecosystem support and services for small enterprises</p>	<ul style="list-style-type: none"> ▪ Inability to meet SEDFA mandate 	<ul style="list-style-type: none"> ▪ Expedite the process of finalising the organisational structure ▪ Develop targeted SEDFA programmes ▪ Leverage resources from ecosystem partners (Financial & Non-financial)
	<ul style="list-style-type: none"> ▪ Inability to maintain stakeholders' expectations 	<ul style="list-style-type: none"> ▪ Develop products based on clearly defined market failures and SEDFA's interventions ▪ Communicate/ share the full catalogue of SEDFA's product offerings with the target market ▪ Define SEDFA offerings catalogue ▪ Define distribution channels
	<ul style="list-style-type: none"> ▪ Inadequate positioning of SEDFA brand 	<ul style="list-style-type: none"> ▪ Develop SEDFA brand strategy ▪ Review stakeholder engagement strategy and plan ▪
<p><u>Outcome 3.2.</u> Adequate capital to fund the growth and development of small enterprises at scale</p>	<ul style="list-style-type: none"> ▪ Inadequate budget allocation and capital availability 	<ul style="list-style-type: none"> ▪ Pro-active engagement between SEDFA, NT & DSBD on funding (measuring developmental dividend) ▪ Develop a co-funding model for non-financial support ▪ Integrated funding strategy to ensure diversity in funding sources ▪ Prioritise high impact programmes for continued funding
<p><u>Outcome 5:</u> An innovative, sustainable, and well-governed agency</p>	<ul style="list-style-type: none"> ▪ Inadequate ICT systems to implement SEDFA Strategy 	<ul style="list-style-type: none"> ▪ Define and map SEDFA business processes ▪ Acquire an ICT systems implementation partner ▪ Identify critical systems for integration ▪ Develop and implement ICT enterprise architecture plan initiatives ▪ Develop and implement digitalisation strategy ▪ Build ICT skills capacity

Outcome	Key Risk	Risk Mitigation
		<ul style="list-style-type: none"> ▪ Conduct training of current technologies
	<ul style="list-style-type: none"> ▪ Failure to respond to Cybercrime and attacks 	<ul style="list-style-type: none"> ▪ Review the effectiveness of IT security technical measures across all systems and networks in the organisations ▪ Conduct on-going vulnerability assessment and penetration testing ▪ Conduct IT security user awareness ▪ Properly configure Microsoft level 5 across the board ▪ Implementation of a proactive 24/7 monitoring, detection, and response (MDR) solution (Managed Cyber Attack Detection and Response) ▪ Roll out multi-factor authentication to entire staff across the board ▪ Improve cybersecurity hygiene to comply with the ISO/IEC 27001 family of Information Security Standards, COBIT 19 & the National Institute of Standards and Technology (NIST) Framework ▪ Implement the Information classification solution
	<ul style="list-style-type: none"> ▪ Inadequate implementation of change management strategy 	<ul style="list-style-type: none"> ▪ Implementation of change management initiatives ▪ Continuous communication on post-merger progress
	<ul style="list-style-type: none"> ▪ Non-compliance to organisation regulatory prescripts 	<ul style="list-style-type: none"> ▪ Monitoring of compliance risk through compliance report ▪ Conduct awareness on organisational legislation
<p><u>Outcome 4.</u> Increased competitiveness and sustainable growth of small enterprises in priority sectors</p>	<ul style="list-style-type: none"> ▪ Ineffective debt management 	<ul style="list-style-type: none"> ▪ Refine the collection process (including partnering with call centre) ▪ Implement a collection process for all types of funds ▪ Sensitise clients on the mandate and role of government in providing support ▪ Develop a strategy to deal with old, doubtful, and irrecoverable debt

Outcome	Key Risk	Risk Mitigation
<p><u>Outcome 1.2.</u> Increased access to financial services and economically transformed communities through co-operative banking</p>	<ul style="list-style-type: none"> ▪ Inability to meet National Payment system requirements /registrations 	<ul style="list-style-type: none"> ▪ Facilitate skill development programs

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.	<ul 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.	<ul style="list-style-type: none"> Enhanced service delivery and stakeholder satisfaction A financially sustainable organisation Leveraged strategic assets and capital raising 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	R 12 000 000

PART D: TECHNICAL INDICATOR DESCRIPTIONS

1. PROGRAMME 1: ECOSYSTEM DEVELOPMENT & MANAGEMENT

Indicator Title Es1.1	Small Enterprises Ecosystem Effectiveness Index (SEEEI)
<p>Definition</p>	<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>
<p>Source of data</p>	<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.
<p>Method of calculation or assessment</p>	<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). ▪ QSPQSP: Quality of Services Provided (average satisfaction score or rating). ▪ FOSFOS: Financial and Operational Sustainability (% of sustainable service providers). ▪ OCAOCA: Omnichannel Accessibility (weighted score based on number, geographical spread, and seamlessness of entry points). ▪ GSFGSF: Growth in Services Offered (BDS, incubation, and FS % increase). ▪ w1, w2, w3, w4, w5, w1, w2, w3, w4, w5: Weights assigned to each dimension based on its relative importance to ecosystem effectiveness.
<p>Assumptions</p>	<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.

Indicator Title Es1.1	Small Enterprises Ecosystem Effectiveness Index (SEEEI)
	<ul style="list-style-type: none"> ▪ Growth in services offered aligns with ecosystem development priorities.
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> ▪ Not applicable
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 numerical 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 Memorandum of Understanding (MoU) 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"> ▪ Not applicable
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	Higher than targeted performance is desired
Indicator Responsibility	Executive: Ecosystem and Stakeholder Management

2. PROGRAMME 2: BUSINESS DEVELOPMENT SERVICES

Indicator Title BD1.1.	Number of Informal Small Enterprises Provided with Formalisation Support
Definition	<ul style="list-style-type: none"> Formalisation support refers to structured assistance provided to informal small enterprises to help them transition into fully compliant and legally recognised businesses. This support leverages the broader economic ecosystem to provide resources and guidance, including helping enterprises register with the CIPC as private companies or with SARS as sole proprietorships. Supporting informal businesses is crucial for economic recovery, as their formalisation through structured assistance enables them to contribute more meaningfully to economic growth
Source of Data	<ul style="list-style-type: none"> e-These or Any SEDFA Approved System sefaLAS Reports on formalisation support interventions provided to informal small enterprises.
Method of Calculation / Assessment	<p>A numerical count of informal small enterprises provided with formalisation support.</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"> Records of business registration support (CIPC or SARS registration) or Application with Prudential Authority, and Signed Service Level Agreement, and, Signed Intervention Completion Report, and Manager approved intervention
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	<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	Higher than targeted performance 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 MSMEs 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 and managing their businesses. People who attended a SEDFA organised session/event. ▪ 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 or any Approved SEDFA system
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-These or Any SEDFA Approved System
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, and Service Level Agreement and Intervention Completion Report, 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	<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 BD4.1.	Number of Small Enterprises Graduating from the Incubation Programme
Definition	<ul style="list-style-type: none"> ▪ The indicator reflects the number of small enterprises assisted to develop their products, services and skills to sustain their businesses during early stages of formation and successfully graduate from the incubation programme. ▪ Various business development interventions are offered, which includes technical training, business management support, mentorship and coaching, and other necessary SEDFA approved business development support
Source of Data	<ul style="list-style-type: none"> ▪ e-Thuse, sefaLAS or any SEDFA approved reporting system
Method of Calculation / Assessment	<i>A numerical count of small enterprises that are participating in the incubation programme</i>
Means of Verification	<ul style="list-style-type: none"> ▪ Incubation contract, and ▪ Any SEDFA approved assessment report and ▪ Manager approved Intervention, and ▪ Service Level Agreement, and ▪ Intervention completion/confirmation report
Assumptions	Small enterprises are ready to be incubated through the incubation programme, will undertake the entire training and graduate upon completion
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
Reporting Cycle	Quarterly
Desired Performance	Higher than targeted performance is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title BD5.1.	Number of Small Enterprises Supported with Training, Mentorship And Coaching
Definition	<p>Training, mentorship or coaching refers to businesses supported with business management and technical training, individual or group coaching and mentorship.</p> <p>Businesses are supported with training, mentorship or coaching to improve their capabilities and skills.</p> <p>Interventions offered are targeting both technical and business management skills.</p>
Source of Data	<p>e-Thuse or Any SEDFA approved system</p>
Method of Calculation / Assessment	<p><i>A numerical count of small enterprises supported through mentorship, training or coaching</i></p> <ul style="list-style-type: none"> ▪ Small enterprises 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, and ▪ Service level agreement, and ▪ Manager approved training, mentorship or coaching interventions, and ▪ Intervention completion report
Assumptions	<p>Small enterprises are ready to receive training, mentorship or coaching.</p>
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	<p>Cumulative (year-end)</p>
Reporting Cycle	<p>Quarterly</p>
Desired Performance	<p>Higher than targeted performance is desired</p>
Indicator Responsibility	<p>Group Executive: Business Development Services</p>

Indicator Title BD6.1.	Number of Small Enterprises Supported with Quality Improvement Interventions
Definition	<p>Quality Improvement refers to businesses supported with product quality and quality systems improvement.</p> <p>Small enterprises are supported with quality interventions to enable them to expand their markets.</p> <p>Quality improvement includes, product testing and conformity assessment, QMS implementation, quality certification, continual quality improvement initiatives, including other quality related interventions and product development.</p>
Source of Data	e-These or Any SEDFA Approved System
Method of Calculation / Assessment	<p><i>A numerical count of small enterprises who have been supported with unique quality interventions</i></p> <p>Small enterprises 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 Agreement, and ▪ Intervention completion report, and ▪ Manager approved intervention
Assumptions	Identified clients are ready to receive 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	Higher than targeted performance is desired
Indicator Responsibility	Group Executive Business Development Services:

Indicator Title BD6.2.	Number of Small Enterprises Supported with Productivity Improvement Interventions
Definition	<p>Productivity Improvement refers to businesses supported with productivity improvement and production efficiency.</p> <p>Small enterprises are supported with productivity interventions to enable them to become efficient.</p> <p>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.</p>
Source of Data	<p>e-Thuse (TBC) or Any SEDFA approved system</p>
Method of Calculation / Assessment	<p><i>A numerical count of small enterprises who have been supported with unique productivity interventions</i></p> <p>Small enterprises that are not supported to improve their productivity improvement should not be counted</p>
Means of Verification	<ul style="list-style-type: none"> ▪ Service Level Agreement, and ▪ Intervention completion report, and ▪ Manager approved intervention
Assumptions	<p>Identified clients are ready to receive productivity improvement interventions.</p>
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	<p>Cumulative (year-end)</p>
Reporting Cycle	<p>Quarterly</p>
Desired Performance	<p>Higher than targeted performance is desired</p>
Indicator Responsibility	<p>Group Executive: Business Development Services</p>

Indicator Title BD7.1.	Percentage Collection Rate (all-in-cash collections)
Definition	A measurement on actual quarterly collections against the quarterly collections target (collections due)
Source of Data	e-Thuse sefaLAS or Any SEDFA Approved System
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 e-Thuse, sefaLAS or any SEDFA approved reporting system
Assumptions	<ul style="list-style-type: none"> ▪ None
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Not Applicable
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-to-date)
Reporting Cycle	Quarterly
Desired Performance	Higher than targeted performance is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title BD8.1.	Number of Small Enterprises Supported to Access to Local and Export Markets
<p>Definition</p>	<p>Number of small enterprises supported to access to markets refers to small enterprises supported with readiness interventions to access both domestic and international markets, businesses linkages to local markets, and businesses supported through trade missions.</p> <p>Local markets readiness support refers to small enterprises supported with interventions and other activities that will enable them to participate in local markets may include, among others, marketing support, digital support, exhibitions, pop-up markets, and other SEDFAs approved interventions.</p> <p>International markets readiness refers to small enterprises supported with export interventions to access international markets. Small enterprises are supported with an approved export readiness assessment and export interventions to enable them to effectively participate in international markets</p>
<p>Source of Data</p>	<p>e-These, sefaLAS or any SEDFA approved reporting system</p>
<p>Method of Calculation / Assessment</p>	<p><i>A numerical count of small enterprises supported with unique interventions to be ready to access local markets and export markets</i></p> <p><i>A numerical count of small enterprises supported with unique interventions and ERAT assessment/s that will assist them to become ready to supply international markets</i></p> <p><i>Numerical count of MSMEs supported through Trade missions</i></p> <p><i>No assessments allowed for international markets except ERAT</i></p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> ▪ Manager approved intervention, and ▪ Service level agreement, and ▪ Intervention completion report or ▪ Manager approved ERAT assessment for export readiness <p>For Marker linkages:</p> <ul style="list-style-type: none"> ▪ Service level agreements with buyers/wholesalers, retailers, corporates, etc, or ▪ Supplier contracts, or Purchase Order, or Store listing to supply products or services, and ▪ Service Level Agreement between Sedfa and small enterprise and or Service Provider, and ▪ Intervention completion report and ▪ Manager approved intervention
<p>Assumptions</p>	<p>Small enterprises are ready to receive local market readiness support</p>
<p>Disaggregation of Beneficiaries</p>	<ul style="list-style-type: none"> ▪ Women: 45% ▪ Youth: 30% ▪ Persons with disabilities: 2%

Indicator Title BD8.1.	Number of Small Enterprises Supported to Access to Local and Export Markets
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	Higher than targeted performance is desired
Indicator Responsibility	Group Executive: Business Development Services

Indicator Title BD9.1	Number of Jobs Created by Small Enterprises Supported With Business Development
Definition	Jobs created relates to number of jobs created by small enterprises after receiving SEDFA’s business development support. Businesses are provided with various interventions to enable them to grow, sustain current jobs and create new jobs.
Source of Data	<ul style="list-style-type: none"> ▪ e-These, sefaLAS or any SEDFA approved reporting system
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 created after intervention vs jobs before-intervention.</p> <p>Businesses who have not created jobs should not be counted as achievement</p>
Means of Verification	<ul style="list-style-type: none"> ▪ Improvement assessment forms, and ▪ Confirmation of employees (before and after interventions), and ▪ Jobs created calculations, ▪ Manager approved improvement assessment
Assumptions	Small enterprises are supported to create jobs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Not Applicable
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>HOD: Pre-Investment</p> <p>Group Executive Business Development Services</p>

Indicator Title BD9.2	Number of Jobs Sustained by Small Enterprises Supported with Business Development
Definition	Jobs sustained relates to number of jobs sustained by small enterprises after receiving SEDFA’s business development support. Businesses are provided with various interventions to enable them to grow, sustain current jobs and create new jobs.
Source of Data	<ul style="list-style-type: none"> ▪ e-These, sefaLAS or any SEDFA approved reporting system
Method of Calculation / Assessment	<p><i>A numerical count of the number of new jobs sustained by supported small enterprises</i></p> <p>Total number of jobs sustained after intervention.</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, and ▪ Confirmation of employees (before and after interventions), and ▪ Jobs sustained calculations, ▪ Manager approved improvement assessment
Assumptions	Small enterprises are supported to sustain jobs
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Not Applicable
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>HOD: BDS</p> <p>Group Executive Business Development Services</p>

Indicator Title BD10.1	Number of Small Enterprises Whose Turnover Has Increased by a Minimum of 5% Through SEDFA’S Interventions
Definition	<ul style="list-style-type: none"> ▪ Turnover above 5% per annum refers to businesses whose turnover has increased by 5% or more from the baseline collected data. ▪ Small enterprises are provided with various business development interventions to enable them to grow their businesses.
Source of Data	<ul style="list-style-type: none"> ▪ e-Thuse, sefaLAS or any SEDFA approved reporting system
Method of Calculation / Assessment	<p><i>A numerical count of small enterprises whose turnover has increased by a minimum of 5% through Sedfa’s interventions</i></p> <p>Small enterprises whose turnover is below 5% should not be reported as achievement.</p>
Means of Verification	<ul style="list-style-type: none"> ▪ Improvement assessment forms, and ▪ Income statement or management accounts, and ▪ Turnover calculations reflecting improvement by 5% and above. ▪ e-Thuse or Any SEDFA Approved System
Assumptions	Small enterprises are supported to increase their turnover
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	Higher than targeted performance is desired
Indicator Responsibility	Group Executive: Business Development Services

CO-OPERATIVE BANKING SUPPORT AND ADVANCEMENT

Indicator Title CB1.1.	Number of New Cooperative Banking Institutions Established
Definition	<p>The indicator measures the number of newly established Cooperative Banking Institutions (CBIs) that have been formally registered with the Prudential Authority (PA).</p> <p>The establishment of the CBI must comply with SARB-Prudential Authority (PA) regulatory requirements, that is, minimum of 200 members, R100k share capital and a well-defined common bond.</p>
Source of Data	<ul style="list-style-type: none"> ▪ Prudential Authority registration documents of new CBIs ▪ List of CBIs published on the Prudential Authority website ▪ e-These, sefaLAS or any SEDFA approved CRM or reporting system
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, or ▪ List CBI published on the Prudential Authority website
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 promotion and advancement is done in alignment with DDM priorities, with a focus on expanding co-operative banking access in rural and township areas, thereby creating self-reliant and self-sustaining communities
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

3. PROGRAMME 3: LENDING AND INVESTMENT

Indicator Title LI1.1.	Value of Approvals to Small Enterprises Through All Lending Channels (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, or ▪ Any SEDFA approved system
Method of Calculation / Assessment	<p><i>CCYY-YY Achievement = (Q1 Actual + Q2 Actual + Q3 Actual + Q4 Actual) of Total approvals through Direct and Indirect Lending portfolios</i></p>
Means of Verification	<ul style="list-style-type: none"> ▪ sefaLAS reports or Any SEDFA Approved System ▪ Modules – applications management
Assumptions	<p>Readiness of small enterprises to receive support through SEDFA’s lending channels</p>
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	<p>Cumulative (year-end)</p>
Reporting Cycle	<p>Quarterly</p>
Desired Performance	<p>Achievement of targeted performance or higher is desired</p>
Indicator Responsibility	<p>Chief Investment Officer</p>

Indicator Title LI.1.2.	Value of Disbursements to Small Enterprises Through All Lending Channels (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, or ▪ Any SEDFA approved system
Method of Calculation / Assessment	CCYY-YY Achievement = (Q1 Actual + Q2 Actual + Q3 Actual + Q4 Actual) of Total Disbursements through Direct and Indirect Lending portfolios
Means of Verification	<ul style="list-style-type: none"> ▪ sefaLAS ▪ Intermediary Portal, or ▪ Any SEDFA approved system
Assumptions	Readiness of small enterprises to receive support through all lending channels
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 Direct and Indirect Channels
Definition	<ul style="list-style-type: none"> ▪ A measurement, against the set target, of the number of MSMEs and co-operatives financed through Direct and Indirect Lending channels. ▪ 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, or ▪ Any SEDFA approved system
Method of Calculation / Assessment	CCYY-YY Achievement = Count (Q1 Actual + Q2 Actual + Q3 Actual + Q4 Actual) of number of MSMEs and co-operatives financed (first disbursements)
Means of Verification	<ul style="list-style-type: none"> ▪ sefaLAS and Intermediary Portal reports, or ▪ Any SEDFA approved system
Assumptions	Readiness of small enterprises to receive support through all the lending channels.
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 Start-Up Enterprises Financed Through Direct and Indirect Channels
Definition	<ul style="list-style-type: none"> ▪ A measurement, against the set target, of the number of MSMEs and co-operatives financed through Direct and Indirect Lending channels. ▪ 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, or ▪ Any SEDFA approved system
Method of Calculation / Assessment	CCYY-YY Achievement = Count (Q1 Actual + Q2 Actual + Q3 Actual + Q4 Actual) of number of MSMEs and co-operatives financed (first disbursements)
Means of Verification	<ul style="list-style-type: none"> ▪ sefaLAS and Intermediary Portal reports, or ▪ Any SEDFA approved system
Assumptions	Readiness of small enterprises to receive support through all the lending channels.
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 LI3.1.	Value of Approvals to Partner Institutions (PIs)
Definition	<ul style="list-style-type: none"> ▪ Measures the total rand value (in thousands) of credit guarantees approved by SEDFA for Partner Institutions (PIs) within the reporting period. These guarantees are intended to de-risk lending to small enterprises by covering a portion of the credit risk and enabling PIs to extend credit to underserved segments ▪ Approval is recognised when the delegated committee approves the application.
Source of Data	<ul style="list-style-type: none"> ▪ Credit Guarantee Facility System, Guarantee Committee Approval Records, PI Submissions, CRM and Lending Investments Reports
Method of Calculation / Assessment	Value of Guarantees Approved= Σ (Rand value of all guarantees approved in the reporting year)
Means of Verification	<ul style="list-style-type: none"> ▪ sefaLAS reports ▪ Indemnity Application Forms ▪ Committee Approval Resolutions
Assumptions	<ul style="list-style-type: none"> • PIs submit complete and accurate applications • Guarantee approvals are final and compliant with policy • No double-counting of guarantee renewals or rollovers • Exchange of data between SEDFA and PIs is timely
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Women: 45% ▪ Youth: 30% ▪ Persons with disabilities: 2%
Spatial Transformation	Approval values can be disaggregated by: <ul style="list-style-type: none"> ▪ Province ▪ Township vs rural vs urban areas ▪ Key economic corridors
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired Performance	Equal to or higher than the annual guarantee approval target is desirable, indicating strong appetite for risk-sharing instruments and enhanced leveraging of private sector capital for MSMEs.
Indicator Responsibility	HoD: Khula Credit Guarantee (KCG)

Indicator Title LI.3.2.	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. ▪ 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. ▪ Take up is recognised when the delegated committee approves the application.
Source of Data	Modules – applications management or
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 Department: Khula Credit Guarantee

Indicator Title LI.4.2.	Number of Small Enterprises Funded by Partner Institutions (PIs) at the Back of the Credit Guarantee
Definition	The total number of small enterprises that received funding from Partner Institutions (PIs) and suppliers as a result of the credit guarantee facility provided by SEDFA.
Source of Data	Reports submitted by PIs, suppliers, 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 PIs and suppliers 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 PIs 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"> ▪ PIs accurately report the small enterprises funded under the credit guarantee facility. ▪ Suppliers 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 PIs 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 or ▪ Any SEDFA approved system
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, or ▪ Any SEDFA approved system
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"> ▪ Not Applicable
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 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, or Any SEDFA approved system
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, or ▪ Any SEDFA approved system
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"> ▪ Not Applicable
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 & HoD: KCG

Indicator Title LI.6.1.	Number of Jobs Created by Small Enterprises Supported Financially
Definition	<ul style="list-style-type: none"> ▪ Jobs created relate to new jobs created by the businesses that received SEDFA’s financial support interventions. ▪ This indicator relates to small enterprises that are creating jobs after receiving SEDFA financial support.
Source of Data	<ul style="list-style-type: none"> ▪ sefaLAS or Any SEDFA approved system
Method of Calculation / Assessment	<ul style="list-style-type: none"> ▪ A numerical count of the jobs created by MSMEs, and Cooperatives post SEDFA’s interventions. ▪ The total number of new jobs created following SEDFA’s intervention.
Means of Verification	<ul style="list-style-type: none"> ▪ Employment contracts, or ▪ Letters of employment), or ▪ Salary bill, or ▪ Payroll or ▪ Pay As You Earn
Assumptions	MSMEs and Cooperatives are supported to create jobs.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Not Applicable
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.6.2.	Number of Jobs Sustained by Small Enterprises Supported Financially
Definition	<ul style="list-style-type: none"> ▪ Jobs sustained relate to jobs maintained by the businesses that received SEDFA’s financial support interventions. ▪ This indicator relates to small enterprises that are sustaining existing jobs after receiving SEDFA financial support. ▪ Jobs sustained are based on disbursements.
Source of Data	<ul style="list-style-type: none"> ▪ sefaLAS or Any SEDFA approved system
Method of Calculation / Assessment	<ul style="list-style-type: none"> ▪ A numerical count of the jobs sustained by MSMEs, and Cooperatives post SEDFA’s interventions. ▪ The total number of existing jobs sustained following SEDFA’s intervention.
Means of Verification	<ul style="list-style-type: none"> ▪ Employment contracts, or ▪ Letters of employment, or ▪ Salary bill, or ▪ Payroll or ▪ Pay As You Earn.
Assumptions	MSMEs and Cooperatives are supported to create & sustain existing jobs.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> ▪ Not Applicable
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

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 & Chief Financial 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
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 / BDS / PIM

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

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 Quarter 2 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	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 CS2.3.	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 ▪ 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 achievement against approved Digital Strategy
Definition	Measures the extent to which the organisation fulfils its objectives outlined in the digital strategy. This indicator tracks progress by comparing completed digital transformation and innovation initiatives against planned targets, as documented in project plans and monitoring reports. It provides a clear view of how effectively SEDFA is implementing its digital strategy and advancing its innovation goals.
Source of Data	Project plans, projects monitoring reports and signoff documents.
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 CS5.1.	Percentage of Employee Satisfaction
Definition	Employee satisfaction is the extent to which employees are happy or content with their jobs and work environment. SEDFA intends to collect and analyse data on how employees are happy or content with their jobs and work environment.
Source of Data	Staff satisfaction files / repository
Method of Calculation / Assessment	Percentage = Number of satisfied employees versus all employees surveyed
Means of Verification	Staff satisfaction survey result
Assumptions	Concerted efforts are being made to enhance staff encouragement and engagement
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Non-Cumulative
Reporting Cycle	4 th Quarter
Desired Performance	Targeted performance is desirable
Indicator Responsibility	Executive: People and Culture

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 2026/27 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 and Facilities 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

MATERIALITY/SIGNIFICANCE FRAMEWORK

1. Summary

- 1.1. Section 54(2) of the PFMA requires that an entity must on request, disclose to its executive authority, all material facts that may influence decisions made by the executive authority. This disclosure is guided by the Significance and Materiality Framework (SMF). The SMF must be approved by the Accounting Authority (Board) and included in the Annual Performance Plan.
- 1.2. PFMA states that Treasury approval is required before entering into significant or material transactions.
- 1.3. The PFMA does not define material and significant as such; an entity is required to develop a materiality framework that is applied to significant transactions
- 1.4. The Accounting Standards Board defines materiality as:
 "Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor."
- 1.5. Materiality is inherently a matter of professional judgement which can only be properly determined after due consideration is given to the entity's risk profile, size of budget and spending patterns.

- 1.6. Materiality is calculated using a base amount multiplied by a selected percentage, based on the parameters provided in the practice notes issued by National Treasury in respect of Section 54 of the PFMA.

2. Calculation

- 2.1. The practice notes on the applications under Section 54 of the PFMA provides the following parameters for calculating materiality:

Element	% range to be applied against R value
Total assets	1% - 2%
Total revenue	0.5% - 1%
Profit after tax	2% - 5%

- 2.2. The materiality and significance framework for SEDFA is based on Total Assets due to the nature of SEDFA’s business being asset-based.

- 2.3. Total group assets as per 2024/25 audited annual financial statements at 1.5%:

	Audited FY2024/25	
	R'000	
Total assets	9 001 997	Per SEDFA group statement of financial position
1.5%	135 030	

The threshold for significant and material transactions is set at R 135 030 000.00.

3. Qualitative Aspects

- 3.1. Materiality is not merely related to the size of the entity and the elements of its financial statements. Obviously, misstatements that are large either individually or in the aggregate may affect a “reasonable” user’s judgement. However, misstatements may also be material on qualitative grounds. These qualitative grounds include amongst others:

- New ventures that SEDFA has entered into.
- Unusual transactions entered into that are not of a repetitive nature and are disclosable purely due to the nature thereof due to knowledge thereof affecting the decision making of the user of the financial statements.
- Transactions entered into that could result in reputational risk to SEDFA.
- Any fraudulent or dishonest behaviour of an officer or staff of SEDFA.
- Procedures/processes required by legislation or regulation (e.g. PFMA and the National Treasury Regulations)

4. Transactions that are significant per Section 54(2)

- 4.1. Section 54(2) of the PFMA considers the following transactions to be significant, and an entity must inform the relevant treasury of the transaction and submit relevant of the transaction to its executive authority for approval concluding the transaction:
- f) The establishment or participation in establishing a company (this type of transaction is significant by nature);
 - g) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement (significance is determined by the value of the transaction);
 - h) Acquisition or disposal of a significant shareholding in a company (this will be significant where ownership control is affected or where the entity's control over a special resolution is affected, or the change in shareholding exceeds 20% or any transaction that will result in an ultimate shareholding exceeding 20%);
 - i) Acquisition or disposal of a significant asset (significance is determined by the value of the transaction);
 - j) Commencement or cessation of significant business activity (This applies to activities that are non-core in nature and the amount thereof must be significant);
 - k) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement (this will be significantly based on the amount or where the nature of the relationship changes or where the cumulative interest exceeds 20% or any transaction that results in an aggregate interest of 10%).

5. Restrictions on Borrowing

- 5.1. The Shareholder's Compact states: "The Accounting Authority shall adhere to the borrowing determination and limits agreed to between itself and the shareholder from time to time as provided for on the MOI in line with the approved Materiality Framework". This will however also be subject to Section 66 of the PFMA.

6. Material Losses

- 6.1. Conditions for reporting in terms of Section 55(2)(b) of the PFMA for inclusion of the following:
- a) Irregular expenditure;
 - b) Fruitless and wasteful expenditure; and
 - c) Losses through criminal conduct.
- 6.2. Per Section 55 (2) of the PFMA, the entity's annual report and financial statements must include particulars of any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.
- 6.3. Both quantitative and qualitative aspects as referred to above define materiality for purposes of losses through criminal conduct.
- 6.4. All losses relating to irregular and fruitless and wasteful expenditure are regarded as material due to the application of the nature of these losses (qualitative aspects).

7. Delegation of Authority

- 7.1. The entity's approved delegation of authority will also apply, and the delegation of authority does refer back to this Significance and Materiality Framework.

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 John Taolo Gaetsewe - NC	Available as Addendum	BDS	N/Ap
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
		Beacon Valley refurbishments	City of Cape Town Metropolitan	N/A	FS – KBP	N/A

MTEF PLANNING PERIOD						
Project Name		Project Description	District Municipality	Location: GPS Coordinates	Project Leader	Implementation Partner
Local Economic Development	TREP	Lending - TREP	Districts in all 9 provinces	N/A	FS	DSBD