



Seda 2022/23 Quarter 3 Performance

Meeting: Portfolio Committee

Date: 22 March 2023

Presenter: Mr. N Mbatha



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Introduction

The report highlights the organisation's performance for the third quarter of the 2022/23 Financial Year.

- A total number of 19 indicators were measured in quarter 3.
- The organisation achieved 100% or more on 17 indicators and underperformed on 2 indicators.
- This amounts to 89% performance achievement.

Two indicators were under achieved below 50%:

- Number of new Incubation Centres established
- Number of SMMEs & Cooperatives assisted through the Technology Transfer Assistance Programme

In the third quarter 14 595 applications were received from Seda clients and 5 983 applications were approved for implementation.



Performance Overview



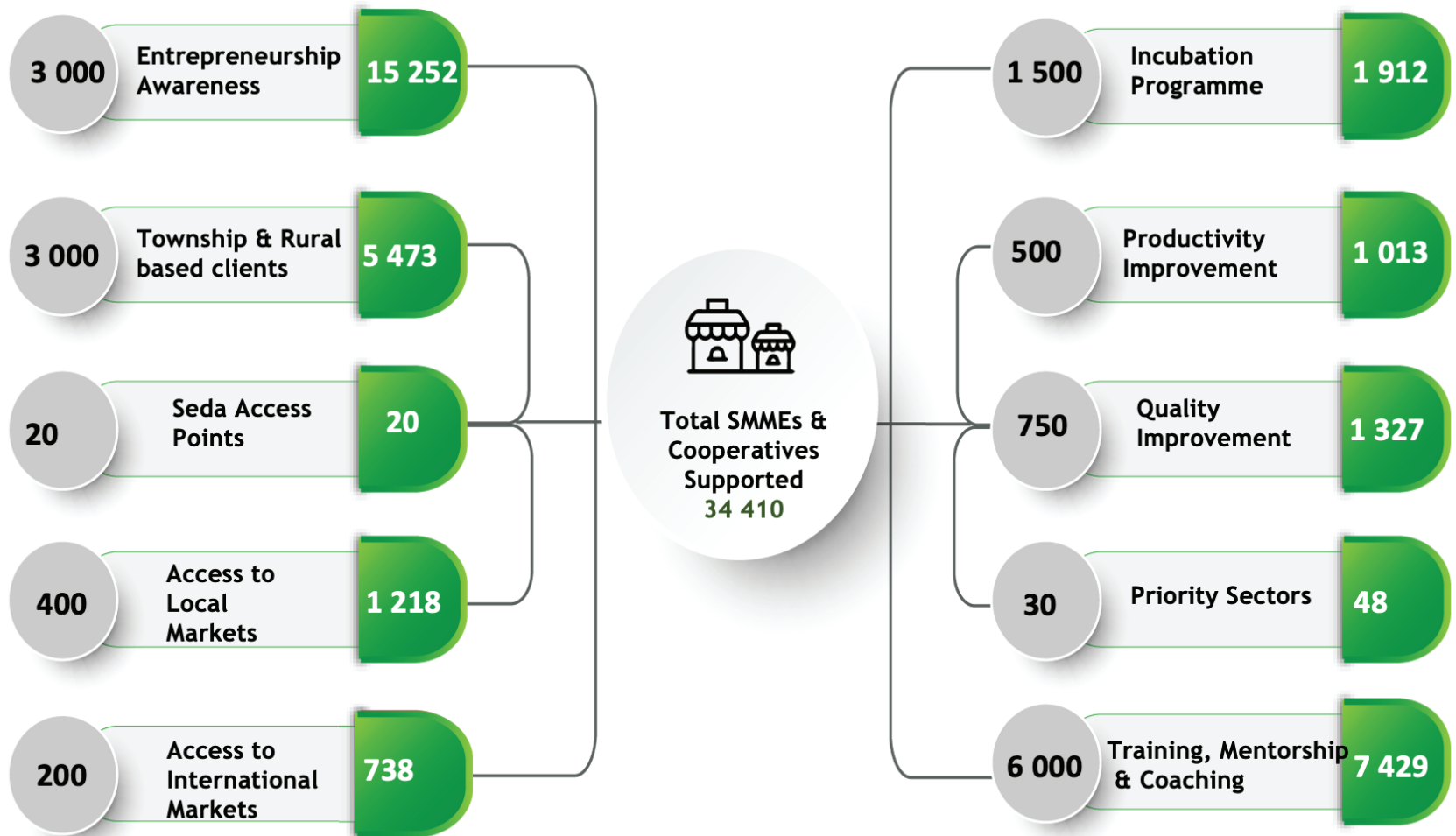
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Performance Overview



Performance Overview



Jobs Created
& Sustained, 4219



Seda Client Profile

95% SMMEs
5% Cooperatives



Quarter 3 Spend – 99%
R233,565 Million



Focus Groups

Black 87%, Coloured 10%
Indians 1%, White 2%



Seda Branches - 54
Incubation Centres - 122
Seda Access Points - 24
Seda Colocation Points - 57



Gender	Q3	Achievement
Females	3 248	18 686
Youth	2 436	14 292
Disabled Persons	568	770



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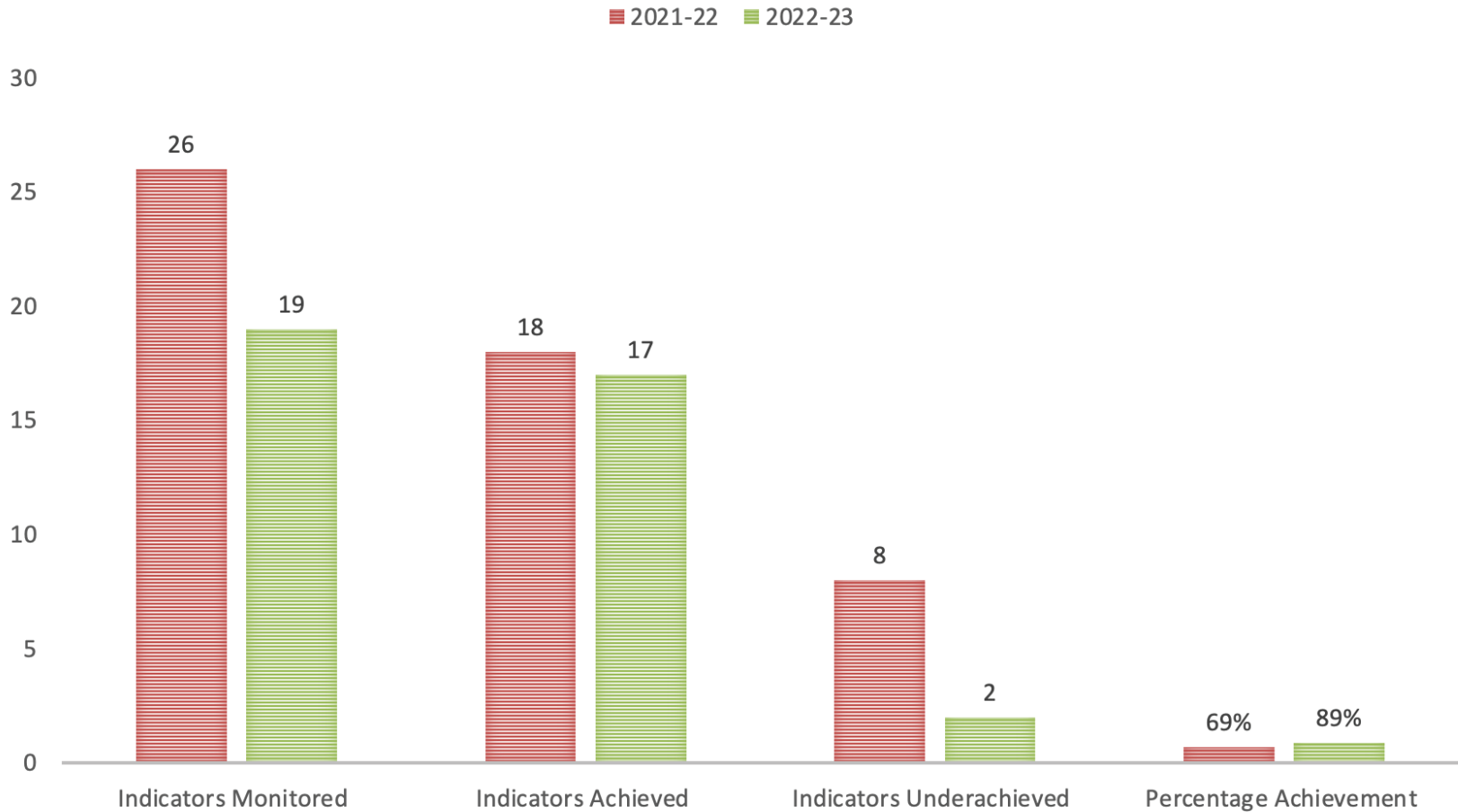
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Performance Overview





Performance Information



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Performance Information

Programme 1: Township, Rural and Informal Business

Output Indicator	Annual Targets	Q3 Target	Q3 Achievement	Q3 Variance	Corrective Measures	YTD Target	YTD Achievement
Number of SMMEs & Cooperatives reached through entrepreneurship awareness sessions	20 000	3 000	15 252	12 252	None	13 000	67 380
	Reason for Variance Target exceeded due to participation in the Global Entrepreneurship Week and Disability Awareness Month by Provinces, which led to more briefing sessions and targeted entrepreneurship awareness.						
Number of township & rural business supported	16 000	3 000	5 473	2 473	None	11 000	15 755
	Reason for Variance The leads that were generated in the previous quarter were assisted with various interventions, like Business Plans, Promotional material, signage, training and facilitation of access to finance.						
Number of new Incubation Centres established	11	4	0	-4		7	0
	Reason for Variance The leads that were generated in the previous quarter were assisted with various interventions, like Business Plans, Promotional material, signage, training and facilitation of access to finance.						
	Corrective Measures Currently in adjudication & recommendation stage for new centres. To be approved in Q4 to ensure targets are achieved.						





Performance Information

Programme 1: Township, Rural and Informal Business

Output Indicator	Annual Targets	Q3 Target	Q3 Achievement	Q3 Variance	Corrective Measures	YTD Target	YTD Achievement
Number of new Seda access point	80	20	20	0	None	60	24
	Reason for Variance Target exceeded due to participation in the Global Entrepreneurship Week and Disability Awareness Month by Provinces, which led to more briefing sessions and targeted entrepreneurship awareness.						
Ecosystem Development Plan implementation	40%	40%	40%	0	None	40%	40%
	Reason for Variance FS, NW, WC & some districts in MPU & NC completed the process & made all appointments. EC & GP & 3 branches in LP are only left with issuing of letters of appointment, which will be done in January. The rest of the branches in Limpopo will adjudicate in January 2023. Gert Sibande & BBR (MPU) & KZN had to re-issue calls for proposals in some of the areas like Siyabuswa, Dr JS Moroka, Acornhoek, Dundee, Ulundi, Umzinyathi.						



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Performance Information

Programme 2: Business Competitiveness and Viability

Output Indicator	Annual Targets	Q3 Target	Q3 Achievement	Q3 Variance	Corrective Measures	YTD Target	YTD Achievement
Number of SMMEs & Cooperatives exposed to Local markets	2 000	400	1 218	818	None	1 400	2 793
	Reason for Variance Access to Local market interventions like mall activation, pop-up markets & enterprise and supplier development contributed to this performance.						
Number of SMMEs & Cooperatives supported to participate in the international markets	1 000	2 000	738	538	None	7 00	1 428
	Reason for Variance Seda was able to support a significant number of clients to participate in many tradeshows, export awareness and international trade webinars.						
Number of SMMEs & Cooperatives assisted through Incubation programme	2 500	1 500	1 912	412	None	1 500	1 912
	Reason for Variance A higher number of clients were enrolled into the incubation programme.						



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Performance Information

Programme 2: Business Competitiveness and Viability

Output Indicator	Annual Targets	Q3 Target	Q3 Achievement	Q3 Variance	Corrective Measures	YTD Target	YTD Achievement
Number of SMMEs & Cooperatives assisted with Productivity improvement	2 000	500	1 013	21	None	1 500	2 441
	Reason for Variance The increase in performance was due to the increased demand of productivity improvement trainings.						
Number of SMMEs & Cooperatives assisted through the Technology Transfer Assistance Programme	70	15	0	-15		45	32
	Reason for Variance The budget of approximately R20 million was allocated to 32 SMMEs that were approved in the first quarter. Adjudication will resume upon the availability of the budget.						
	Corrective Measures The organisation is working tirelessly to raise/prioritise funds to cover the shortfall.						
Number of SMMEs & Cooperatives assisted with Quality improvements	2 500	500	1 327	827	None	1 750	3 588
	Reason for Variance Performance was due to the increased demand of QMS & HACCP trainings and quality interventions during the 3rd quarter.						





Performance Information

Programme 2: Business Competitiveness and Viability

Output Indicator	Annual Targets	Q3 Target	Q3 Achievement	Q3 Variance	Corrective Measures	YTD Target	YTD Achievement
Number of SMMEs & Cooperatives whose turnover has increased by 5% per annum	450	100	489	389	None	350	1 682
	Reason for Variance Businesses assessed in the second quarter highlights a positive change in turnover.						
Number of jobs created	4 000	800	842	42	None	2 800	3 098
	Reason for Variance Businesses assessed in the third quarter showed a positive change in jobs creation. Majority of the supported businesses were large scale with high potential for jobs creation.						
Number of jobs sustained	6 000	1 000	3 377	2 377	None	4 000	9 902
	Reason for Variance The high number of jobs sustained is a result of the number of interventions conducted with most of the assessed businesses focusing on retaining jobs due to the economic climate.						



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Programme 2: Business Competitiveness and Viability

Output Indicator	Annual Targets	Q3 Target	Q3 Achievement	Q3 Variance	Corrective Measures	YTD Target	YTD Achievement
Number of SMMEs & Co-operatives supported in the priority sectors (Scale-Up / High Growth Potential)	100	20	48	389	None	70	125
	Reason for Variance Focus was given to high end clients in the priority sectors with business development support.						
Number of SMMEs & Co-operatives supported with training, mentorship & coaching	20 000	4 000	7 429	1 075	None	14 000	18 706
	Reason for Variance Clients were assisted with Business management skills, customer care, and sector specific training during the quarter. Training was also provided to businesses that are recipients of Point-of-Sale devices.						



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Programme 3: Administration

Output Indicator	Annual Targets	Q3 Target	Q3 Achievement	Q3 Variance	Corrective Measures	YTD Target	YTD Achievement
Percentage of innovative ideas implemented	35%	-	-	-	None	-	-
Percentage of staff who performed at 311 & above in the performance evaluation recognized for excellence	60%	-	-	-	None	-	-
Percentage of staff satisfaction	50%	50%	51%	1%	None	50%	51%
	Reason for Variance Continuous staff engagements						
Percentage of customer satisfaction	80%	80%	99%	19%	None	80%	99%
Percentage of vacancy rate	10%	<10%	7,6%	2,4%	None	<10%	7,6%
	Reason for Variance Continuous engagements and follow-ups made to accelerate the filling of approved critical vacant positions						
Number of priority systems digitized	2	-	-	-	None	-	-



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Human Resource Report



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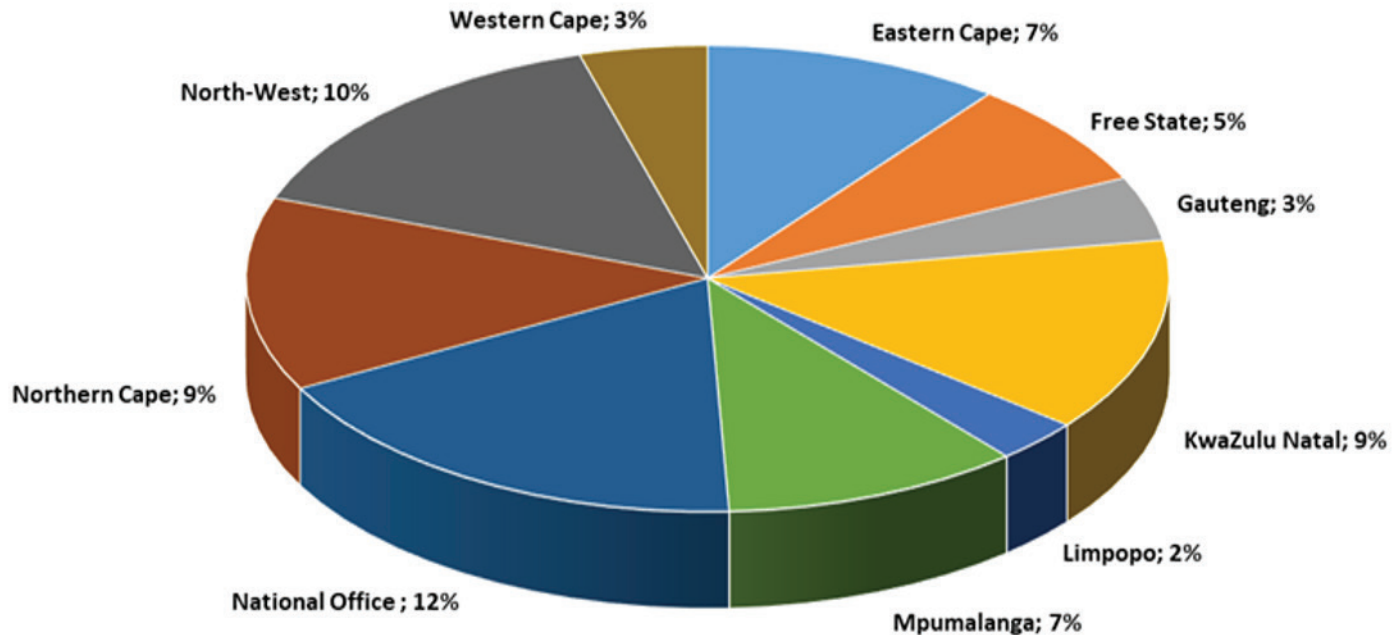
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Human Resource **Vacancies**

VACANCY RATE



- The total number of employees as per the **approved structure** - **713**
- The **total number of staff** as of the end of December 2022 was **659**
- The **vacancy rate** as of the end of December 2022 - **7.6%**





Financial Report



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Financial Report

Budget for 2022/23

The total revenue budget for Seda for the **2022/23 financial year amounts to R947,46 million** and the **total expenditure budget amounts to R947,46 million** (including capital). The total includes R60 million for **special Flood Relief project**.

2022/23 Annual Budget		R 'million
Revenue	Department of Small Business Development (dsbd)	776,19
	Interest received	10,00
	Sundry income	3,35
	Provincial governments	0,27
	Local governments	1,56
	Dsbd specific projects	144,57
	Specific projects	11,52
	A - Total Revenue	947,46
Expenditure	Personnel costs	366,98
	Administration	159,54
	Programme and project-related costs	403,15
	Depreciation	13,70
	B - Total Expenditure	943,37
SUB-TOTAL (A-B) Loss as per Income Statement		-4,09
	C - Capital Expenditure	4,09
TOTAL (B + C)		947,46



Financial Report

Expenditure Split Of Core VS Support Functions

**Actual
Expenditure**

Target

Achieved

Core:
R670,39 million

Core:
75%

Core:
91%

Support:
R62,33 million

Support:
25%

Support:
9%



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Expenditure for Quarter 3

Details	Annual Budget 2022/23	Q3 Budget	Q3 Expenditure	Q3 Variance	% Variance
Personnel costs	R 375, 554, 700	R 80, 656, 101	R 86, 509, 727	R -5, 853, 626	-7.26%
Administration, Projects & Programmes	R 556, 329, 896	R 150, 917, 569	R 142, 807, 868	R 8, 109, 701	5.37%
Depreciation	R 14, 305, 693	R 4, 212, 354	R 4, 247, 836	R -35, 481	-0.84%
Capital Expenditure	R 1, 266, 000	R 1, 682, 000	R 192, 276	R 1, 489, 724	88.57%
Total	R 947, 456, 289	R 237, 468, 024	R 233, 757, 707	R 3, 710, 317	1.56%

- The expenditure as at the third quarter (October – December 2022), **amounted to R233,76 million** against the budget of R237,47 million, resulting in underspending of R3,71 million (1.56%).
- The **underspending will be resolved in the fourth quarter** as the committed interventions will be delivered.
- **99,9% of the invoices** were paid within 30 days.





Financial Report

Explanation of Variances

- **Personnel costs** – The variance in the third quarter is mainly due savings on the vacancies and the adjustment on leave provision.
- **Administration** – Project and Programme – underspending of 5.29% is a minor deviation, commitments are in place and funds will be utilized in the fourth quarter.
- **Capital expenditure** – underspending of 88.57% is relating to a vehicle purchased and ICT related items. Payment and delivery will be in the fourth quarter.
- **Overall expenditure for the quarter is an underspending is 1,56%.**



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Split Per Province & National Office (Oct – Dec 2022)

Province	Expenditure
Eastern Cape	R 33, 138, 606
Free State	R 23, 909, 347
Gauteng	R 42, 733, 444
KwaZulu-Natal	R 28, 850, 145
Limpopo	R 27, 168, 823
Mpumalanga	R 22, 825, 453
Northern Cape	R 15, 884, 002
North West	R 17, 636, 052
Western Cape	R 36, 856, 052
National Office	-R 15, 244, 553
Total	R 233, 757, 706

- The total quarter 3 budget is **R237,47million** and the expenditure is R233,76 million.
- The overall underspending is **R3,7 million (1,56%)**.



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AG - Audit Findings

- In the third quarter Seda implemented a **Performance Reporting System** to improve **data integrity and performance** reporting.
- Employees have been trained and have started utilizing the system to capture client data.
- In addition, Seda plans to **complete the development of a Client engagement module system** by the end of the 1st quarter of 2023/24 financial year.
- The APP guideline was developed to provide employees with **standardised approach on how to report client achievement**. This was aimed at improving employees understanding of evidence required to confirm client support.



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Governance & Compliance



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Governance & Compliance

Board Priorities (October – December 2022)

Committee	Number of Scheduled meetings	Dates
Board meetings	3	<ul style="list-style-type: none">• 17 October 2022 (Special)• 31 October 2022• 29 November 2022 (Special)
Strategy and Organisational Performance Committee	1	<ul style="list-style-type: none">• 24 October 2022
Audit and Risk Committee	1	<ul style="list-style-type: none">• 19 October 2022
Human Resources and Remuneration Committee	1	<ul style="list-style-type: none">• 21 October 2022
Social and Ethics Committee	1	<ul style="list-style-type: none">• 19 October 2022
Amalgamation Committee	2	<ul style="list-style-type: none">• 21 October 2022• 21 November 2022 (Special)
Incubation Committee	1	<ul style="list-style-type: none">• 20 October 2022
Nomination Committee	2	<ul style="list-style-type: none">• 27 September 2022• 22 November 2022



Governance & Compliance

Board Priorities (October – December 2022)

During the period under review the Board held 3 meetings on 31 October 2022 (Scheduled and In-Committee), and 29 November 2022 (Special). **The Board approved the following Policies enhance operational efficiency:**

- Reviewed Supply Chain Management Policy
- Reviewed Compliance Policy
- Reviewed Incubation Policy
- Reviewed Technology Transfer Assistance (TTA) Policy
- Reviewed Gift and Hospitality Policy
- Reviewed Brand Policy
- The Delegation of Authority was reviewed to aligned to the Incubation and TTA policy changes such as:-

The Incubation Committee would deal with Incubation approvals



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Governance & Compliance

Board Priorities (October – December 2022)

The following key matters were deliberated on, and the Board approved the following reports:

- Seda Quarter 2 Report
- Shareholders Compact 2023-2024
- Finance 2nd Quarter Report
- Socio-Economic Development Initiatives
- Ethics Framework
- Ethics Strategy
- Strategy and Organisational Performance Committee (SOPC) Work Plan
- Social and Ethics (SEC) Work Plan
- Closure of Swellendam Branch
- Incubation Committee (IC) Work Plan
- HRREMCO Terms of Reference



Marketing & Communication



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Marketing & Communication

Events support provided to Seda divisions and the DSBD

Core Divisions' and rural events supported

25 x Marketing support provided to Core divisions events (i.e., branding, photography, videography, graphic design, webinar hosting support, and social media and mainstream were required).

Portfolio events supported

5 x DSBD events were supported through branding, photography, and videography.

Events initiated by the CCM unit

4 x rural/township-focused events and **5 generic events** were conducted.

Pop-Up Markets

4 x Pop-Up Markets were supported in Q3 (Mpumalanga, FS, NW and WC Provinces).

Audiovisual Communication

Graphic Design Creatives

177 x creatives were designed for the Divisions and DSBD.

Audiovisual Communication and Publications

An **Entrepreneurship program in schools video talk** featuring the Executive Manager: EDD was shared on YouTube.

In Q3, an **Access to markets video** was produced featuring the Acting Executive Manager- STP was produced and shared on YouTube. The **3rd Edition of Seda E-NEWS** (Staff News video) is in the production phase.

12 x Seda events/activities were videographed/photographed and posted on YouTube and other social media platforms.

Seda Profile Brail booklet developed and distributed to all branches.

Brand Management, Website and Intranet

Brand Management

The **Brand Policy and Brand Journey** were developed and approved in Q3.

A Brand repositioning video was developed to train Provincial Marketing Specialists and Brand Advocates.

The **internal Brand awareness Campaign** commenced in Q3. **14 x employees** were appointed and accepted to become Brand Advocates to share and promote Seda's brand and success stories.

Website & Intranet

The website **landing page** is being revamped and is planned to go live end of March 2023.

Work on the **Ipatatse, SMME Portal** is in progress – the BIS unit is assisting with network integration. The launch date of the portal is anticipated at the beginning of the next financial year.



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KEY PROJECTS



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High Impact **Projects**

Project/Targeted sSport as well as Project Focus/Outcomes

Nkomazi Waste Plastics Fuel Oil Project

Seda continues to liaise with the Client and the University of Stellenbosch on the intended support of instant access to technology licenses, and the research of the plastics materials. Seda implemented an intervention to assist with instant access to the technology licence project in December 2022. The Client's priority is still the Environmental Impact Assessment (EIA) Study, which requires funding. Seda and the representative from the Department of Environmental Affairs engaged Ehlanzeni District Municipality to conduct a gap analysis to ascertain the Client's readiness for the EIA.

Silverton Mixed Use Development

The client is in negotiations with Dischem to supply them with twenty (20) to thirty (30) instant tea units per month as well as the pricing thereof. The business is looking to expand by developing instant rooibos tea as well Nespresso Pods. Sales agents in USA, India and Taiwan have been appointed. Seda assisted the Client with Product Certification needed for the export of their products and is in the process of assisting them with an intervention for the development of signage that will be implemented in the new financial year.

Silverton Mixed Use Development

A market survey intervention has been finalised, Four (4) primary cooperatives have been registered and trained in cooperative governance. The company is now in the process of accessing funds from other stakeholders and government departments. Seda in Eastern Cape is currently in the process of registering a Trust that is going to manage and oversee the development.



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