



Seda Quarter 2 Report

Portfolio Committee

Presenter: Mr. N Mbatha



small business
development

Department:
Small Business Development
REPUBLIC OF SOUTH AFRICA

seda 
SMALL ENTERPRISE DEVELOPMENT AGENCY
an agency of the dsbd

sefa
Small Enterprise Finance Agency

Presentation **Outline**

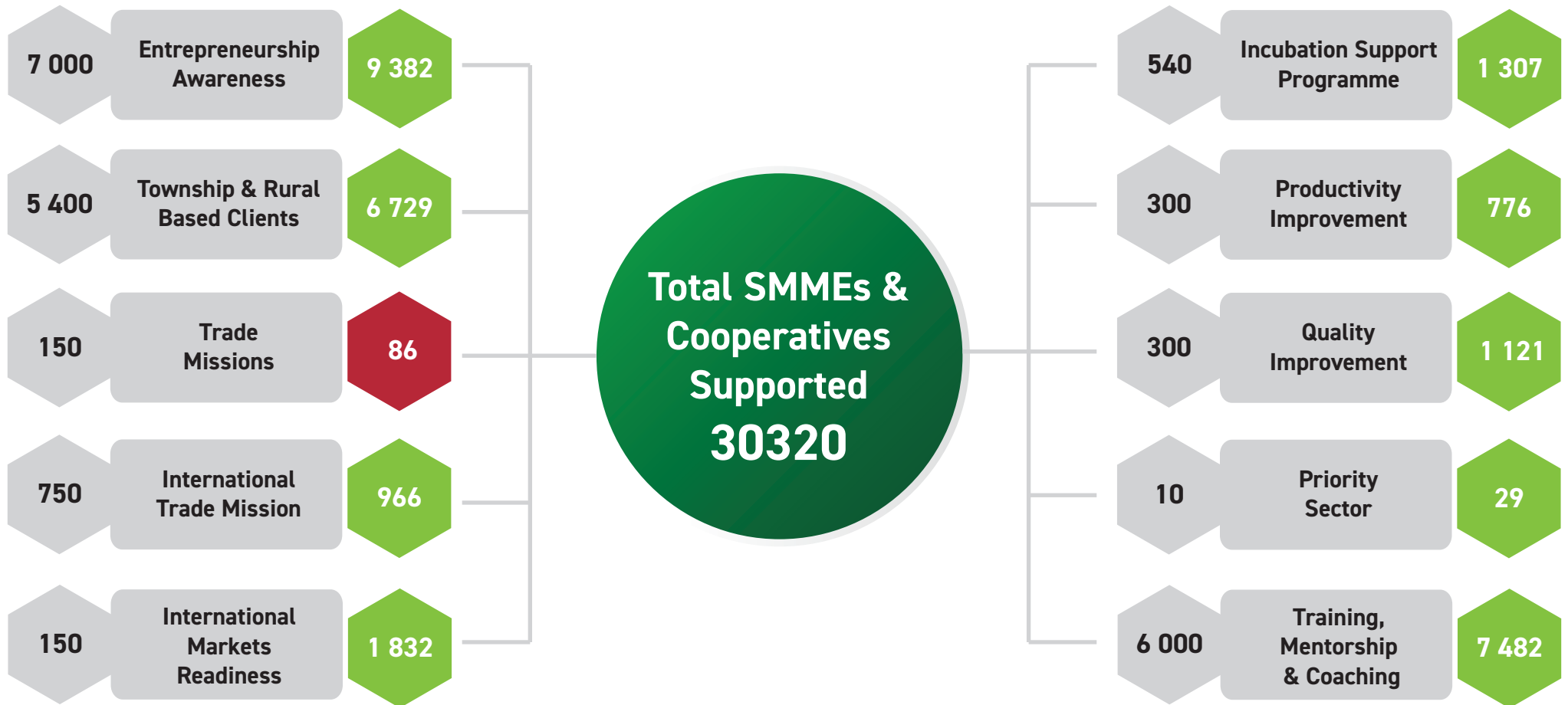
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Introduction

- The report highlights the organisation's performance for the 2nd Quarter of the 2023/24 Financial Year; and
 - In this Financial Year, the Organisation will be monitoring and tracking its performance on 23 Indicators
- A total number of 16 indicators were tracked and measured during Quarter 2;
 - Seda achieved 100% and more on 15 indicators; and
 - This translates to 94% performance achievement.
- The Organisation underperformed on 1 indicator - Number of SMMEs & Co-operatives Supported through Trade Missions; and
 - The organisation achieved 57% on this indicator.
- Reasons for variance and corrective measures are discussed in the slides to follow.

Performance Information



Performance Information



Jobs Created - 1 575
Jobs Sustained - 4 404
TOTAL: 5 979



Turnover Increased
Above 5% - 689



Quarter 2 Spend - 103,8%
R 194,77 million



Scale Up SMMEs - 29



Client Profile Total: 3082
SMME - 2 979 (97%)
Coops - 103 (3%)



Customer
Satisfaction - 95%



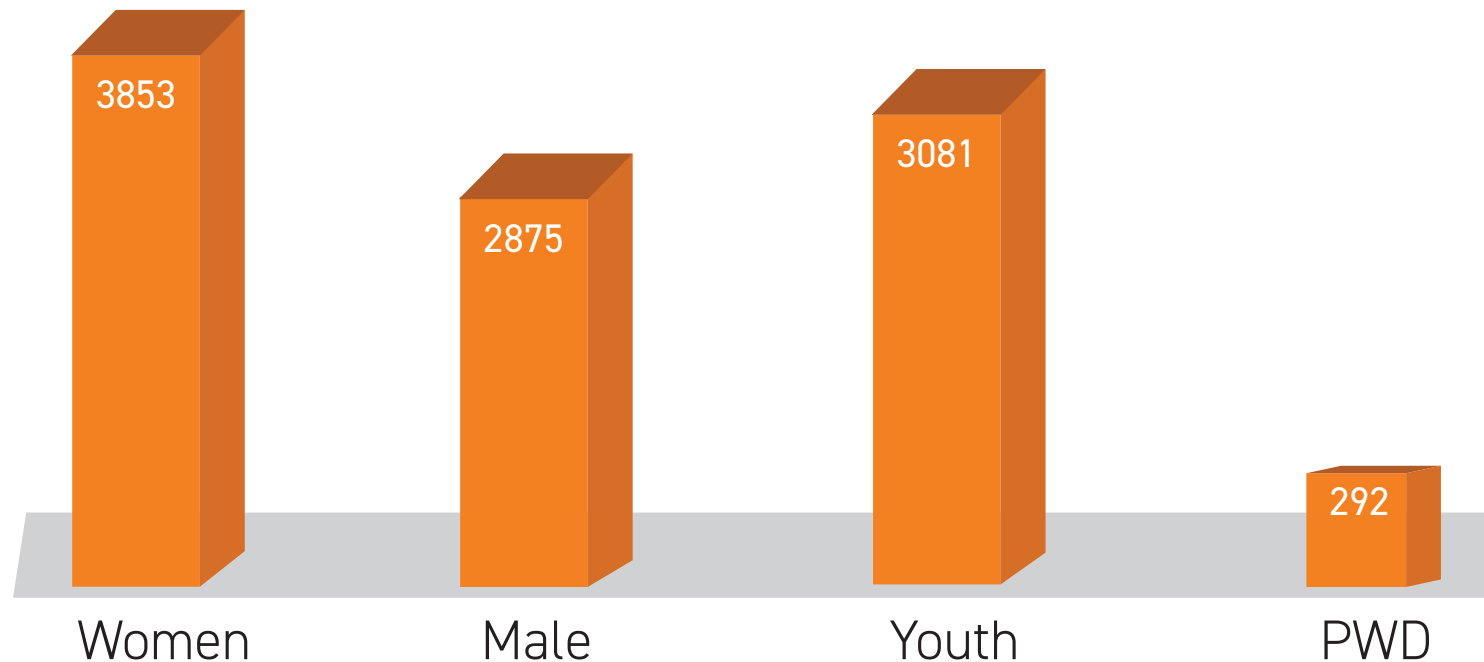
Seda Branches - 53
Incubation Centres - 110
Seda Access Points - 78
Seda Colocation Points - 57



Seda Workforce Profile - 653
African - 564 (86.37%) Coloured - 55 (8.42%)
Indian - 8 (1.23%) White - 22 (3.37%)
Foreign Nationals - 4 (0.61%)

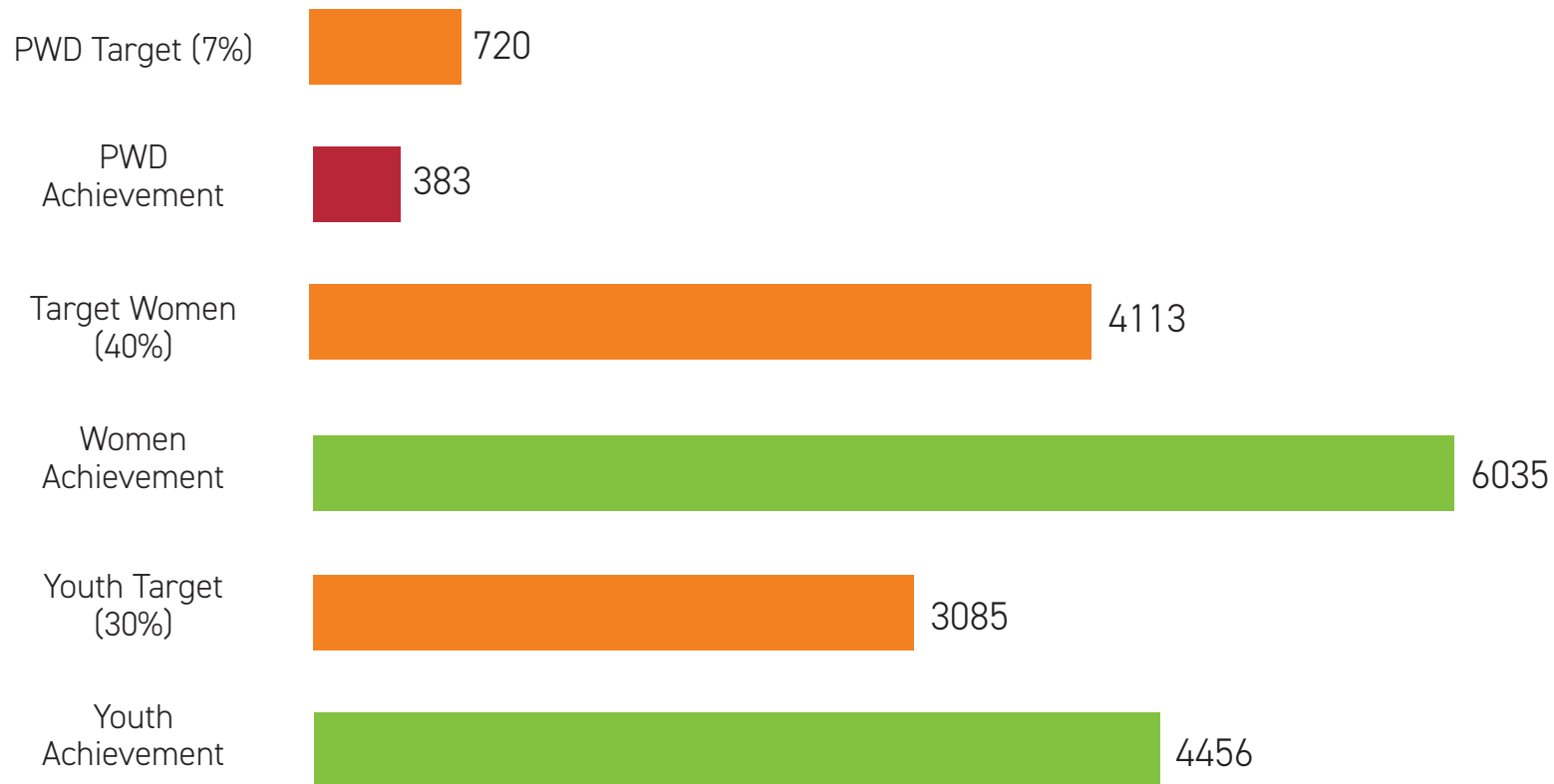
Quarter 2 TREP Clients Category

Total Number of Clients (6 728) broken down as per below



Performance Information

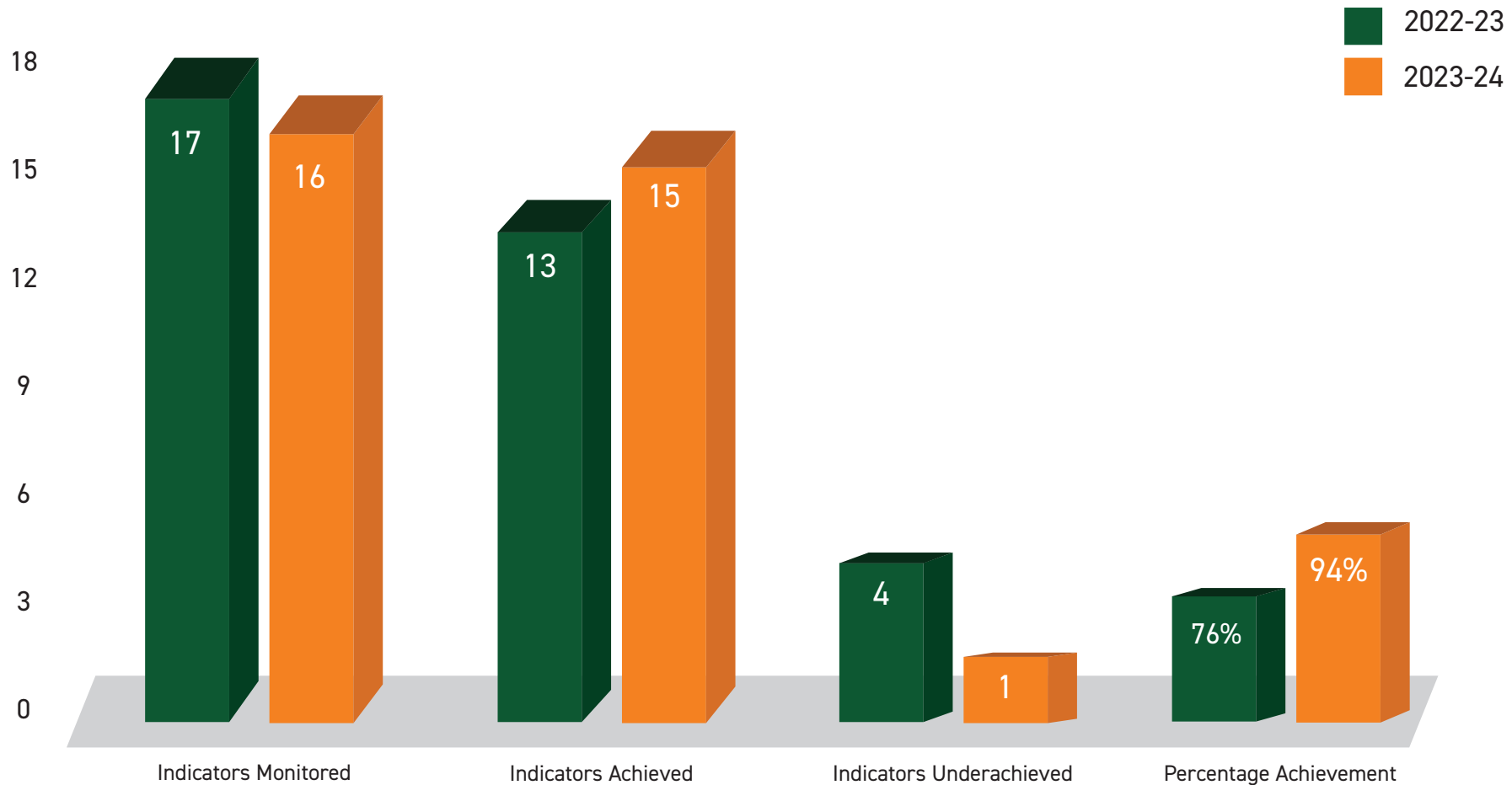
Quarter 2 Designated Groups Performance



Performance Comparison

Seda
Quarter 2

Q2 Performance Comparison



Performance Comparison

Programme 1: Enterprise Development Programme

	Annual Targets	Q2 Target	Q2 Achievement	Q2 Variance	Corrective Measures	YTD Target	YTD Achievement
Number of people who attended entrepreneurship awareness sessions	20 000	7 000	9 382	2 382	None	10 000	17 220
Reason for Variance: Target exceeded due to more briefing sessions that took place during the quarter.							
Number of township and rural based business supported with non-financial business development	18 000	5 400	6,729	1,326	None	9 000	10 839
Reason for Variance: The leads that were generated in the previous quarter assisted with various interventions.							
Number of SMMEs and Cooperatives supported to participate in local markets	2 500	750	966	216	None	1,250	1 407
Reason for Variance: SMMEs have been assisted through ESD partnerships. Provinces have been rolling out Pop-Up markets which contributed to this achievement.							
Number of SMMEs and Cooperatives supported with international markets readiness interventions	500	150	1 832	1 682	None	250	2 586
Reason for Variance: A significant number of clients participated in tradeshows, export awareness and international trade webinars.							

Performance Comparison

Programme 1: Enterprise Development Programme

	Annual Targets	Q2 Target	Q2 Achievement	Q2 Variance	Corrective Measures	YTD Target	YTD Achievement
Number of SMMEs and Cooperatives supported through trade missions	500	150	86	-64		250	86
<p>Reason for Variance: SADC Industrialisation Week, scheduled to take place in Angola in July was cancelled, and contributed to this target being underachieved.</p> <p>Corrective Measure: 4 exhibitions/ events are planned to take place in Q3 and 3 in Q4.</p>							
Number of SMMEs and Cooperatives supported with business development	2 000	600	610	10	None	1 000	1 429
<p>Reason for Variance: The leads that were generated in the previous quarter assisted with various interventions.</p>							
Number of SMMEs and Cooperatives supported in priority sector with non-financial business development to scale-up their business	50	10	29	19	None	10	36
<p>Reason for Variance: Branch clients that needed support were in this sector.</p>							
Number of SMMEs and Cooperatives supported with training, mentorship and coaching	20 500	6 000	7 482	1 482	None	10 000	10 450
<p>Reason for Variance: Additional training, mentorship and coaching support took place during this quarter.</p>							

Performance Comparison

Programme 2: Seda Technology Programme

	Annual Targets	Q2 Target	Q2 Achievement	Q2 Variance	Corrective Measures	YTD Target	YTD Achievement
Number of SMMEs and Cooperatives supported through the incubation programme	1 800	540	1 307	767	None	900	2 372
Reason for Variance: None							
Number of SMMEs and Cooperatives supported through the technology transfer assistance programme	50	-	-	-	None	-	-
Reason for Variance: Only due in Q3.							

Performance Comparison

Programme 3: Impact And Sustainability Programme

	Annual Targets	Q2 Target	Q2 Achievement	Q2 Variance	Corrective Measures	YTD Target	YTD Achievement
Number of SMMEs and Cooperatives supported with quality improvement interventions	1 000	300	1 121	821	None	500	1 642
Reason for Variance: Training focusing on Quality Management Systems & HACCP took place and QMS training were facilitated during the quarter.							
Number of SMMEs and Cooperatives supported with productivity improvement interventions	1 000	300	776	476	None	500	990
Reason for Variance: Engagements with Productivity SA to facilitate programmes and support contributed to this indicator.							
Number of SMMEs and Cooperatives whose turnover has increased by a minimum of 5% per annum	700	200	689	489	None	350	660
Reason for Variance: More improvement assessments were conducted during this quarter, whilst more businesses reported an increase in turnover steadily recovering after the lockdowns, unrest, and natural disasters.							
Number of jobs created by SMMEs, and Cooperatives supported through non-financial support interventions	4 500	1 350	1 575	225	None	2 250	2 585
Reason for Variance: Large-scale businesses contributed to the high number of new jobs created.							

Performance Comparison

Programme 3: Impact And Sustainability Programme

	Annual Targets	Q2 Target	Q2 Achievement	Q2 Variance	Corrective Measures	YTD Target	YTD Achievement
Number of jobs sustained by SMMEs and Cooperatives supported through non-financial support interventions	8 000	2 500	4 404	1 904	None	4 000	6 576
<p>Reason for Variance: The high number of jobs sustained is a result of the number of interventions implemented with most of the assessed businesses focusing on retaining jobs due to the economic climate.</p>							

Performance Comparison

Programme 4: Administration

	Annual Targets	Q2 Target	Q2 Achievement	Q2 Variance	Corrective Measures	YTD Target	YTD Achievement
Percentage of innovative ideas implemented	40%	-	-	-		-	-
Reason for Variance: Due in Q4							
Number of priority systems digitised	1	-	-	-		-	-
Reason for Variance: Due in Q4							
Percentage stakeholder satisfaction	85%	-	-	-		-	-
Reason for Variance: Due in Q4							
Percentage of customer satisfaction	85%	85%	95%	-		85%	96%
Reason for Variance: Clients happy with improved service excellence.							

Performance Comparison

Programme 4: Administration

	Annual Targets	Q2 Target	Q2 Achievement	Q2 Variance	Corrective Measures	YTD Target	YTD Achievement
Percentage of employee satisfaction	55%	-					
Reason for Variance: Due in Q3							
Percentage of vacancy rate	10%	10%	8%	-2%		10%	8%
Reason for Variance: Continuous engagements and follow-ups made to accelerate the filling of approved critical vacant positions							
Percentage of staff who performed at 311 & above in the performance evaluation recognized for excellence	60%	-			None	-	-
Reason for Variance: Due in Q4							
Percentage implementation of the Ecosystem development plan	70%	-			None	-	70%
Reason for Variance: Due in Q4							

Human Resource Report

KEY FIGURES

Vacancy Rate

Eastern Cape	7%
Free State	5%
Gauteng	9%
KwaZulu-Natal	3%
Limpopo	6%
Mpumalanga	4%
National Office	12%
Northern Cape	8%
North West	19%
Western Cape	4%

- The total approved structure - 713
- The total number of staff as of the end of September 2023 was 653
- The vacancy rate as of the end of September 2023: 8%
- The Enterprise Development Division and Seda Technology program, are the Core Divisions.

Human Resource Report

Workforce Profile

- Total Headcount is **653 as at 30 September 2023**
- **Core Business Function:** Enterprise Development Division (EDD) and Seda Technology Programme (STP)
- **Support Business Functions:** Corporate Services, Finance, Risk and Compliance, Internal Audit, Stakeholder Relations and PR, Legal Compliance, and Governance

Permanent 79%
VS Fixed Term
21% Employee
Contracts



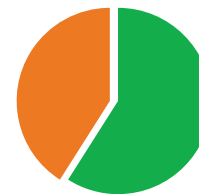
Core 82% VS
Support 18%
Functions
30.09.2023



National Office
27% VS
Provinces 73%



Seda Gender
Profile
Female 60%
Male 40%



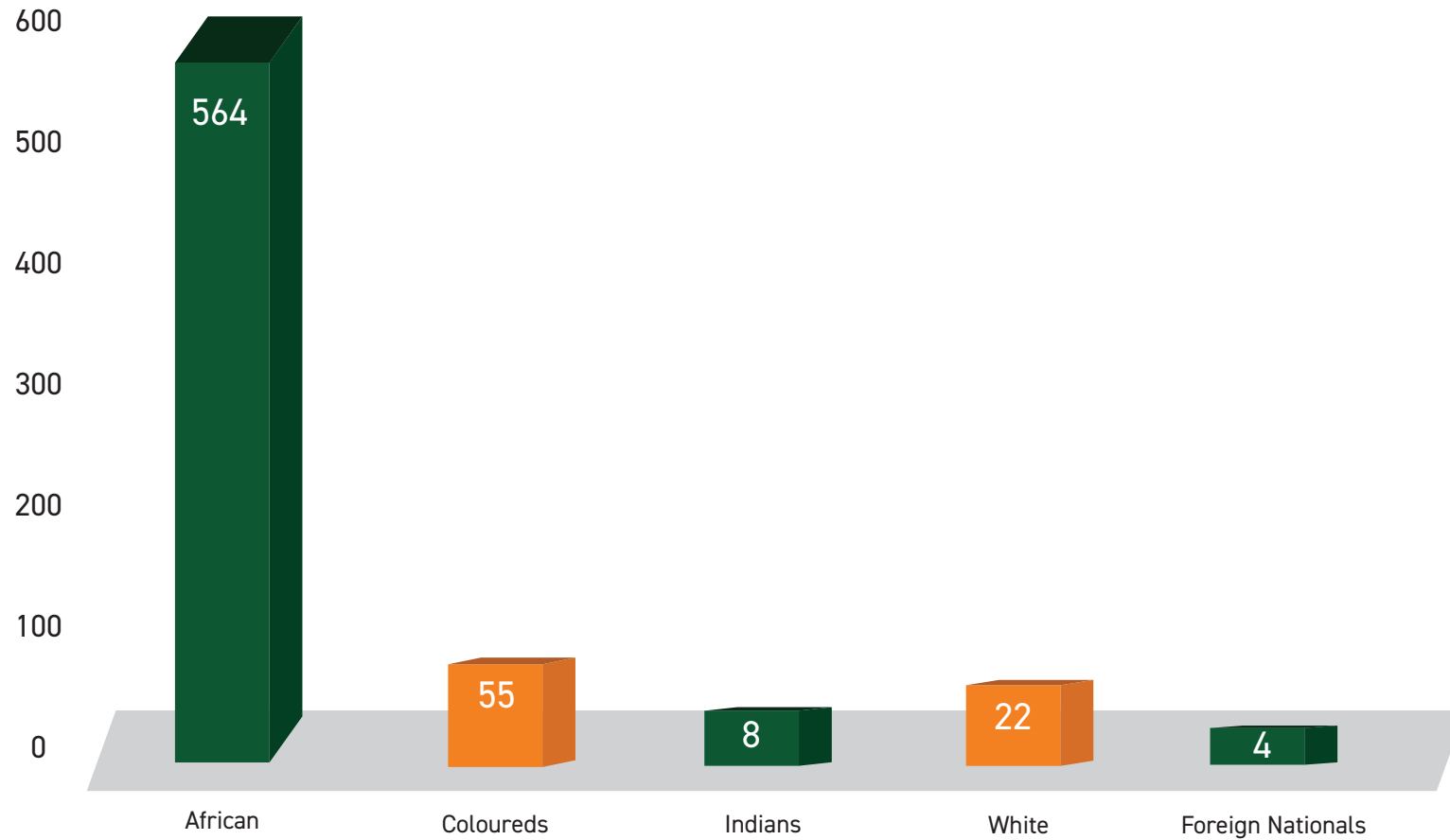
Employees with
Disabilities
Females 3% VS
Males 1%





Human Resource Report

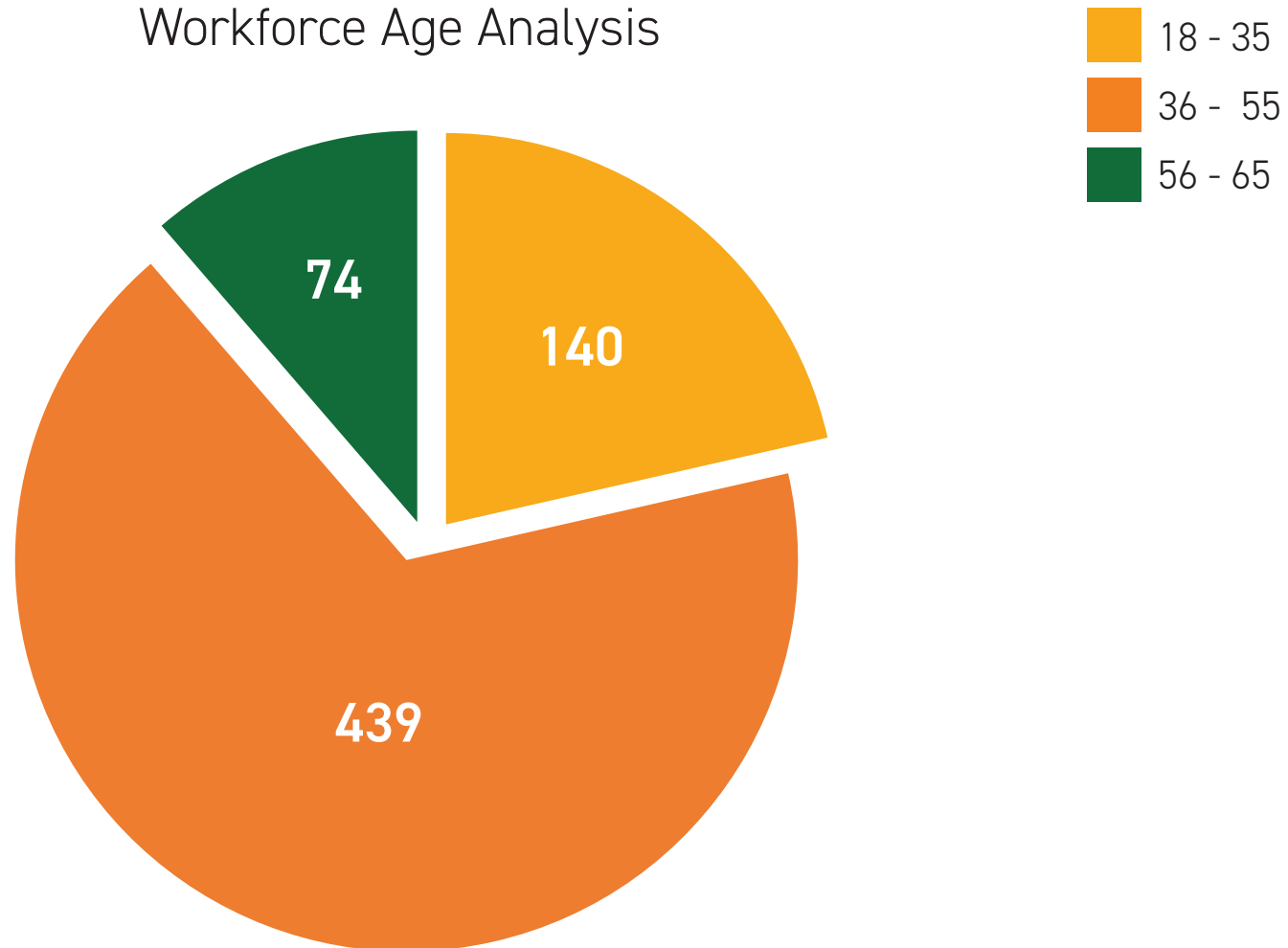
Seda Racial Profile



Human Resource Report

Workforce Profile

Workforce Age Analysis



Financial Report

BUDGET
2023/2024

The total revenue budget for Seda for the 2023/24 financial year amounts to R1,137 billion and the total expenditure budget amounts to R 1,137 billion (including capital). The total includes R 122,3 million from the National Skills Fund (NSF).

2023/2024 Annual Budget		R '000
Revenue	Department of Small Business Development (DSBD)	843,558
	Interest Received	7,000
	Sundry Income	17,935
	Provincial Governments	9,133
	Local Governments	5,071
	DSBD Specific Projects	122,117
	Specific Projects	132,036
	A - Total Revenue	1,137,370
Expenditure	Personnel Costs	390,209
	Administration	175,423
	Programme and Project-Related Costs	539,521
	Depreciation	16,466
	B - Total Expenditure	1,121,619
SUB-TOTAL (A-B) Loss as per Income Statement		-15,751
	C - Capital Expenditure	15,751
TOTAL (B + C)		1,137,370

Financial Report

Expenditure
Split of Core
Vs Support
Functions



Core:
R171,80 million

Core:
75%

Core:
88%

Support:
R23,14 million

Support:
25%

Support:
12%

Financial Report

Expenditure
per
Transaction
Class

Details	Annual Budget 2023/24	Q2 Budget	Q2 Expenditure	Q2 Variance	% Variance
Personnel costs	R 390, 21 m	R 93, 44 m	R 94, 43 m	R -992, 46 k	-1.01%
Projects, Programmes & Administrative	R 714, 94 m	R 86, 98 m	R92, 38 m	R 5, 412 m	-6.22%
Depreciation	R 16, 47 m	R 4, 91 m	R5, 44 m	R -529, 34 k	-10.77%
Capital Expenditure	R 15, 75 m	R 2, 23 m	R2, 50 m	R -266, 73k	-11.94%
Total	R 1, 14 b	R 187, 56m	R 194.77 m	R 7, 22m	-3.85%

Financial Report

Budget Against Performance and Payments of Suppliers

- The expenditure as for the second quarter (July – September 2023), **amounted to R194,77 million against a budget of R 187,56 million**, resulting in overspending of R 7,22 million.
- The spending for Quarter 2 (July – September 2023) exceeded the budget by 3,85%, due to the catching up from first quarter that was underspend. The year-to-date (April – September 2023) is however 98,92%, resulting total underspending by 1,08%, which will be covered in the next quarters.
- 99,9% of invoices (3 191) were paid within 30 days, amounting to R 114,53 million.

Financial Report

Explanation of Variances

- **Personnel costs** – Minor deviation of 1,06% overspend was caused by the back payment of salary adjustment.
 - > The YTD budget is a savings of R 2 million.
- **Project, Programme and Administration** – The overspending of 6,13% in second quarter is due to catching up from the first quarter that was underspending by R 9 million.
 - > The year to date underspending is R 2.2 million.
- **Capital expenditure** – Assets were delivered earlier than anticipated.
- The total annual budget was not exceeded.
- Overall expenditure for the Quarter is 3,85% (Overspent).

Financial Report

Split per
Provinces

Province	Expenditure
Eastern Cape	R 18, 40 m
Free State	R 14, 28 m
Gauteng	R 17, 44 m
KwaZulu-Natal	R 18, 73 m
Limpopo	R 14, 78 m
Mpumalanga	R 12, 37 m
Northern Cape	R 10, 88 m
North West	R 12, 41 m
Western Cape	R 21, 62 m
National Office	R 53, 86 m
Total	R 194, 77 m

- The total quarter 2 budget is R187,65 million and the expenditure is R194,77 million.
- The total amount spend on provinces is R140,91 million (72,3%)
- The overall overspending is R7,22 million (3,85%)

Remedial actions on material audit findings, EDD

Finding

Incorrect classification of Clients into Rural, Township and Urban areas

Remedial Action

Seda had a meeting with **sefa's** Strategy, Planning and Reporting Unit to discuss the system they use for classification which is a combination of the Sensus 2011 dataset and the SACOGTA Postal Code database.

Seda's Business Information Systems (BIS) Unit will engage the Service Provider on how this **sefa** system can be integrated into Seda's Client Operations System.

Remedial actions on material audit findings: STP

Finding

Remedial Action

Properly Signed Incubator
Approval letters

Quality control on all approval letters before being
sent out to Incubators

Signed Approval letters returned
by Incubators on time

Approval letters should be sent out to Incubators
within 2 weeks of closing date

Incubators not complying with MOA
clauses

Certain clauses in the MOA are currently being
repealed as they are not relevant

Misuse of funds by incubators

No more upfront tranche payments to Incubators,
payments are based on certain milestones.

Governance & Compliance

Board & Committee Meetings

Committee	No of Scheduled Meetings	Dates (2023)
• Board Meetings	3	31/07 • 30/08 • 13/09
• Audit And Risk Committee	1	24/07
• Strategy And Organisational Performance Committee	2	25/07 • 24/08
• Social And Ethics Committee	1	14/09
• Human Resources And Remuneration Committee	1	22/08
• Incubation Committee	2	26/07 • 18/08
• Nominations Committee	0	None
• National Bid Adjudication Committee	3	18/07 • 08/08 • 22/09

Governance & Compliance

Board
Priorities
(Jul - Sep '23)

The Board had three meetings. These meetings took place as follows: 31/07/23; 30/08/23; and 13/09/23. The following matters were discussed and resolved:

- Management Letter And Audit Report;
- Audited Financial Statements For The Year Ended 31 March 2023;
- Annual Performance Report;
- Finance And Supply Chain Management Quarter 1 Report;
- Risk, Compliance, And Investigations Quarter 1 Report;
- Seda Quarter 1 Report;
- Review Of The Annual Report 2023/24;
- Review Of The Planning And Reporting Policy;
- Review Of The Records Management Policy;
- ICT Governance Report;
- Reviewed Long Service Policy;
- Reviewed Bursary Policy;
- Human Resources Strategic Report - Quarter 1; and
- Annual Report 2022/2023.

Marketing & Events

Support
Provided

Events support provided to Seda divisions and the DSBD

Core divisions' and rural events supported.

Marketing support provided to X43 core divisions events (i.e. branding, photography, videography, graphic design, webinar hosting support).

Portfolio events supported.

X3 DSBD events were supported through branding, photography & videography.

Marketing events initiated by the CCM unit - total of 46.

Pop-Up Markets

X9 provincial pop-up markets supported with branding, photography & pre-exhibition training for SMMEs.

X4 University & TVET College outreach events conducted by CCM.

X257 creatives designed for divisions and the network.

Success stories and event videos and photos produced and posted on digital media totals X33.

Seda profile was re-designed.

All content for the staff news video - Seda enews was collated & ready for production in Q3.

All content collated for the stakeholder newsletter, IMBADU, to be produced digitally in Q3.

Brand advocates programme

Social media content continuously shared with Brand Advocates to share on their social media platforms.

Brand Management & Website

Brand Management

2 day phase of the internal brand awareness campaign continued.

Brand style guide workshops were conducted with the provincial marketing specialists in WC, NW, LP, MP, KZN, EC as well as SM & PR unit.

Marketing campaigns

Digital marketing agency appointed to conduct a marketing campaign from Q3.

Website

The website is being revamped and migration of the new website to Microsoft 365 will take place in Q3.

SMME portal (Ipapatse) was finalised and almost ready to go live pending some technical glitches still to be sorted out in Q3.

Audiovisual Communication,
Publications & Digital Media

Key Projects

High Impact /
Scale-up
Project

Label Lab Signs

Label Lab Signs is a printing company based in Kimberley. The company specializes in graphic designing, corporate image, logo designs, vehicle wraps and other forms of branding, signage, digital printing, silkscreen printing, embroidery, sublimation, vinyl heat transfer, document solutions, pad press printing and manufacturing of signage material. **The business employs twenty-five (25) people with a turnover of R 8 707 050.** Seda assessed their current company operations, and the client was referred to Productivity SA. **The company is also participating in the Seda Enterprise Coaching programme (SECP).**

The business was approved for the Productivity SA Business turnaround recovery program during this quarter and the kick-off training took place on the 6th of September.

Lebombo Secondary Cooperative

A cotton farming business which is made up of thirty-one (31) cooperatives from Nkomazi, is being assisted with a wide range of business management skills, including cooperative governance to ensure its growth and sustainability and to minimize the chances of conflicts. **The business currently supplies the ginneries in Loskop and KZN** and the long-term goal is to acquire a ginnery to decrease the costs of transportation of the product as well as to ensure that the market for the product source directly from the cooperative.

The National Empowerment Fund conducted the feasibility study and communicated the skills gap to Seda for assistance. **Seda plans to assist the cooperative members with productivity improvement training and other courses.**

Key Projects

High Impact /
Scale-up
Project

Bhelisa Mining JV

Seda Ehlanzeni Branch facilitated the establishment of Bhelisa Mining JV with other partners consisting of twenty-one (21) members. **The business was formed to blast, crush, and screen dolerite for building roads and construction.** Crusher sand will also be produced and supplied to the precast concrete-making industries. **Seda will support the business with QMS/SABS approval, business linkages, marketing, mentoring with technical and legal aspects of the business, financial management, and market research for cement manufacturing.**

They were also advised to form a secondary cooperative, which can access funding independently. The two cooperatives agreed to start a secondary cooperative, and the registration is now in progress with the name: **"Umkhono Wabhevula Secondary Cooperative."**

Sustainable Food

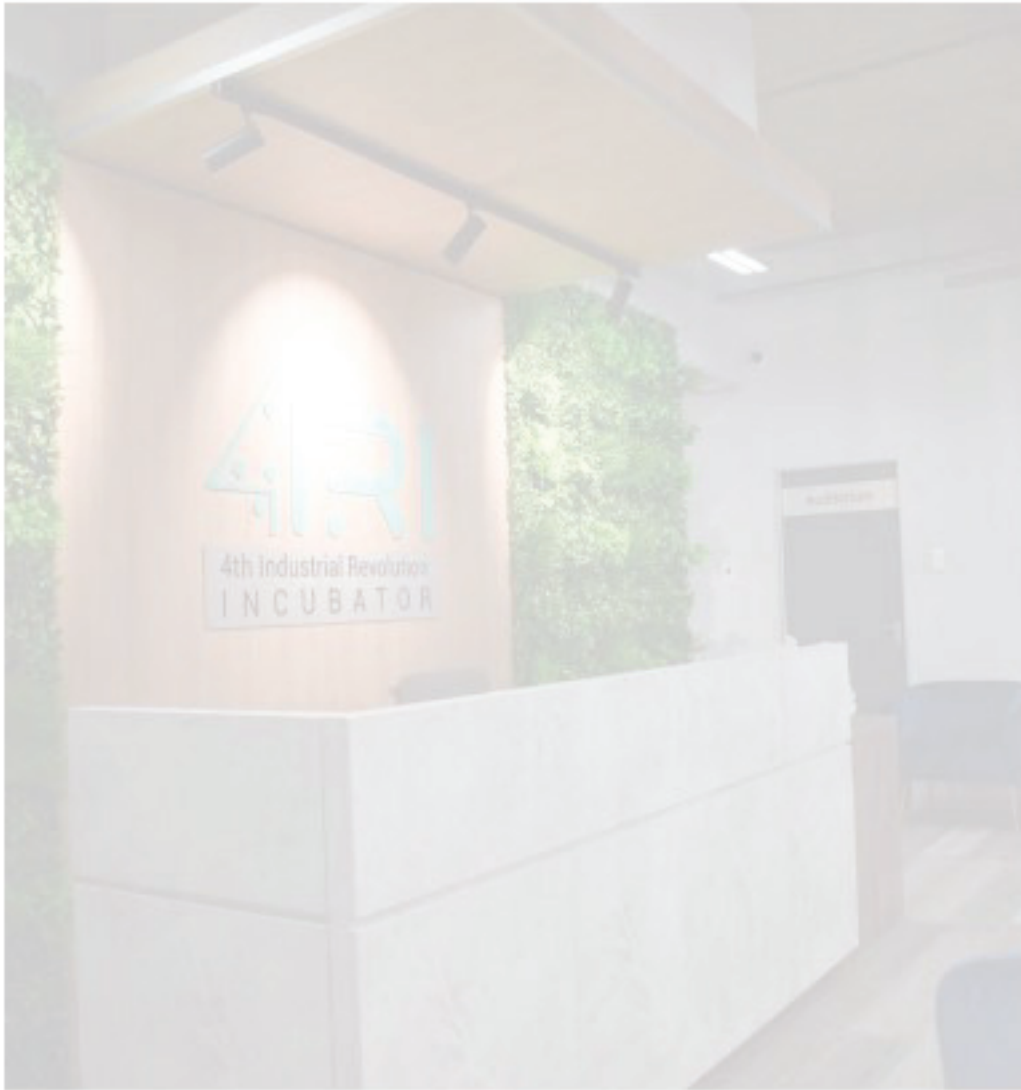
The Department of Sustainable Food Systems and Development at University of Free State has incubated eight (8) ladies at their facility at Paradys Farm. These ladies were recruited from one of the nearby poverty-stricken townships in Bloemfontein. **The members have been capacitated to produce textile materials such as woven bags, carpets, and corporate gifts.** These products are produced from wool sheared from university sheep. The University has created a market for these ladies by buying their products. **These products are also exported to international markets. Seda has partnered with the University to register a cooperative, operate as a business and capacitate them to run business optimally.** The coop registration is in progress and thereafter cooperative governance training will be undertaken.

Key Projects

High Impact /
Scale-up
Project

Kruger National Park Waste Management Project

The initiative comprises of nine (9) groups with one hundred and fifty-one (151) beneficiaries, requiring further business development support. The groups are in different categories: Waste projects, Medicinal Agro-processing, and Small-scale farming. **Thus far, briefing sessions have been held, assessments have been conducted, and twenty (20) beneficiaries will undergo OHS training.**



REACH OUT

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