



**Joint Sitting of Portfolio Committee on Small Business Development and Select Committee on Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour**  
**sefa's 2020/21 Corporate Plan and APP (2020/21 -2024/25)**

**15 July 2020**

# PRESENTATION OUTLINE

1. Introduction
2. Corporate Plan Summary
3. Overview of the **sefa** Strategy
4. Corporate Plan Implementation
5. Interventions to Mitigate the Impact of COVID-19
6. Financial Projections
7. Performance Against Pre-determined Objectives

# Introduction



# Introduction

- **sefa** was incorporated on 1 April 2012 under Section 3(d) of the Industrial Development Act as a development finance institution with a mandate to provide financial support to SMMEs and Co-operatives.
- **sefa** targets high-risk market segments that are not traditionally served by the commercial banking sector. **sefa**'s operational model has been designed to address this market failure by providing finance directly through its regional branch network as well as indirectly through wholesale finance and credit guarantee products.
- The 2020/21 Corporate Plan assumes a strategic posture that seeks to strike a balance between the delivery of its mandate, the pressing need to be financially sustainable and be responsive to:
  - the changes in the economic environment (COVID-19 and the sovereign credit downgrade),
  - priorities identified in the Medium Term Strategic Framework (2020 - 2024) of the sixth administration.
- The development of the Corporate Plan involves consultation with the DSBD, IDC, Seda and internal **sefa** stakeholders (BoD, Exco & Divisions).



# sefa's Organisational Profile

## People

Headcount: 249

- ✓ Executive Management (2%):
- ✓ Senior Management (9.6%)
- ✓ Professional & Admin Staff (88%)

## Performance

- Total assets: R2.2 bn
- Collections; R2.29 bn (Apr 2012 – Mar 2020)

Loan book performance past 4yrs

- Approvals: R3.3 bn
- Disbursement: R4.9 bn
- Enterprises supported: 236 k
- Jobs facilitated: 287 k

## Access Footprint & Partnerships

- 12 Regional Offices
- National call centre
- 48 Co-locations
- 9 RFIs
- 10 MFIs
- 12 Joint Venture Fund
- 5 Credit Guarantee Partners

## Governance

- Executive Authority: DSBD
- Shareholder: IDC
- PFMA & the Companies Act & Lending legislation
- 7 years of clean & unqualified audit opinion since establishment

# Vision, Mission & Values

## Vision

To be the leading catalyst for the development of sustainable Small Medium and Micro Enterprises and Co-operative Enterprises through the provision of finance.

## Mission

To provide simple access to finance in an efficient and sustainable manner to SMMEs and Co-operatives throughout South Africa by:

- providing loan and credit facilities to SMMEs and Co-operative enterprises;
- providing credit guarantees to SMMEs and Co-operative Enterprises;
- creating strategic partnerships with a range of institutions for sustainable SMME and Co-operative enterprise development and support;
- developing, through partnerships, innovative finance products, tools and channels to catalyse increased market participation in the provision of affordable finance.

## Objective

- Ensure sefa is a high impact, high-performance DFI that is responsive to the government's microeconomic policies and specifically the DSBD MTEF plan
- Align sefa's organisational structure, culture and innovative delivery model to be responsive to its mandate and strategy
- Develop the sefa brand value-proposition for our target markets, improve distribution reach, and establish winning collaborative models
- Improve sefa's sustainability, operational effectiveness, efficiency and service delivery by streamlining business processes and deploying technology solutions

## Values

Kuyasheshwa!

Passion for  
development

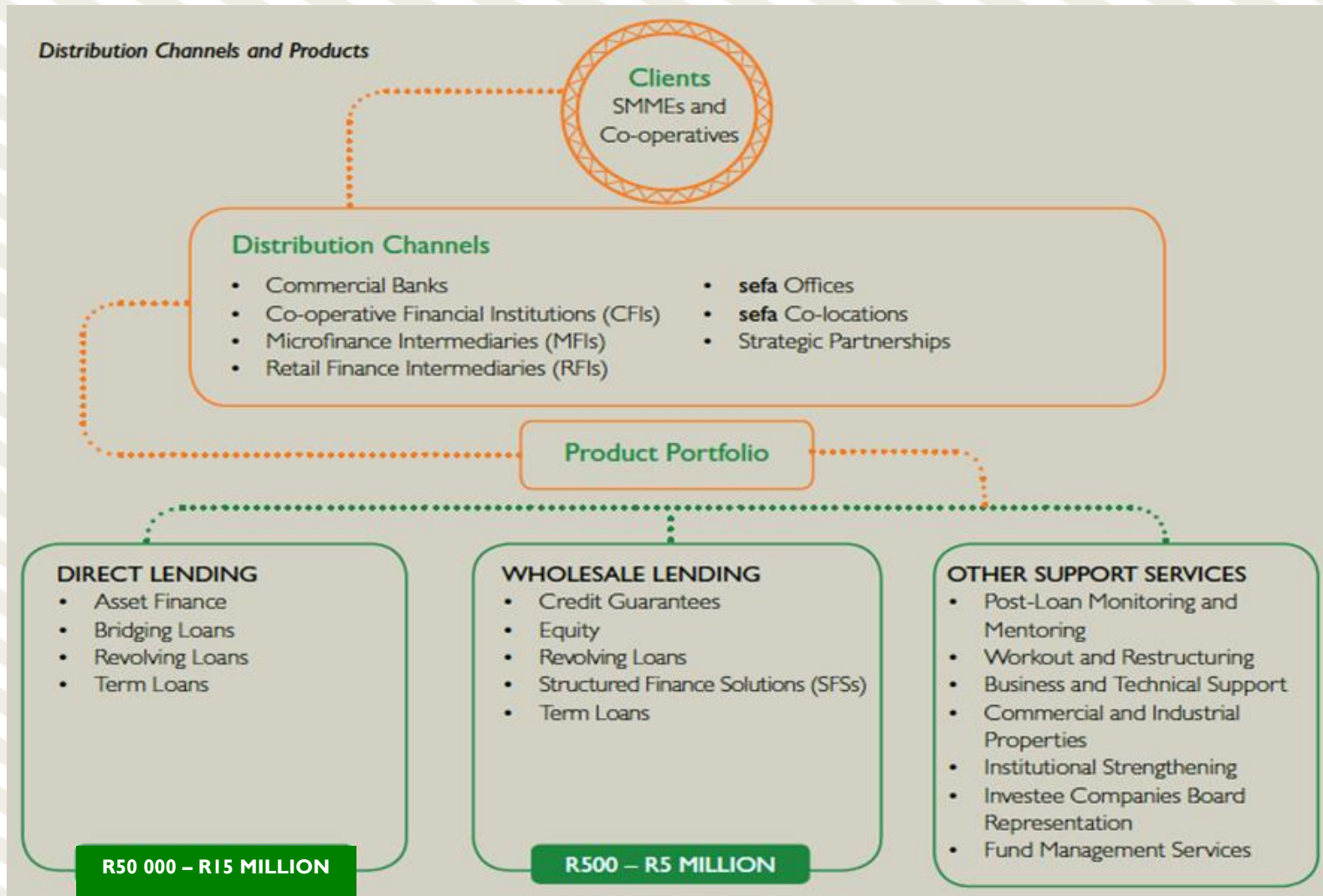
Integrity

Transparency

Innovation



# Operational Model



Note: Wholesale intermediaries lending facilities go up to R100 million

# Corporate Plan - Summary





# Corporate Plan Outline

Chapter	Name	Description
1	Strategy Overview	Vision, Mission & Values; Legislative and Policy Mandate; Main funding activities; Target Market; Loan Criteria; and Operating model;
2	Performance Review	Reflection of sefa's performance over the past three years; Implementation of the Organisational Key Strategic Objectives; Key Strategic Challenges & Opportunities.
3	Situational Analysis	Economic Overview; Profile of the SMMEs Sector (Growth, General Challenges & Constraints, & Access to Finance)
4	Strategic Focus Areas in 2021 -2025	Corporate Plan Rationale; Management Insights and MTEF Implications; MTEF Scenarios, Assumptions and Strategic Issues; Mapping of Priorities over the MTEF Horizon; Sefa – Seda Collaboration; MTEF Strategic Objectives.
5	Organisational Structure	Organogram

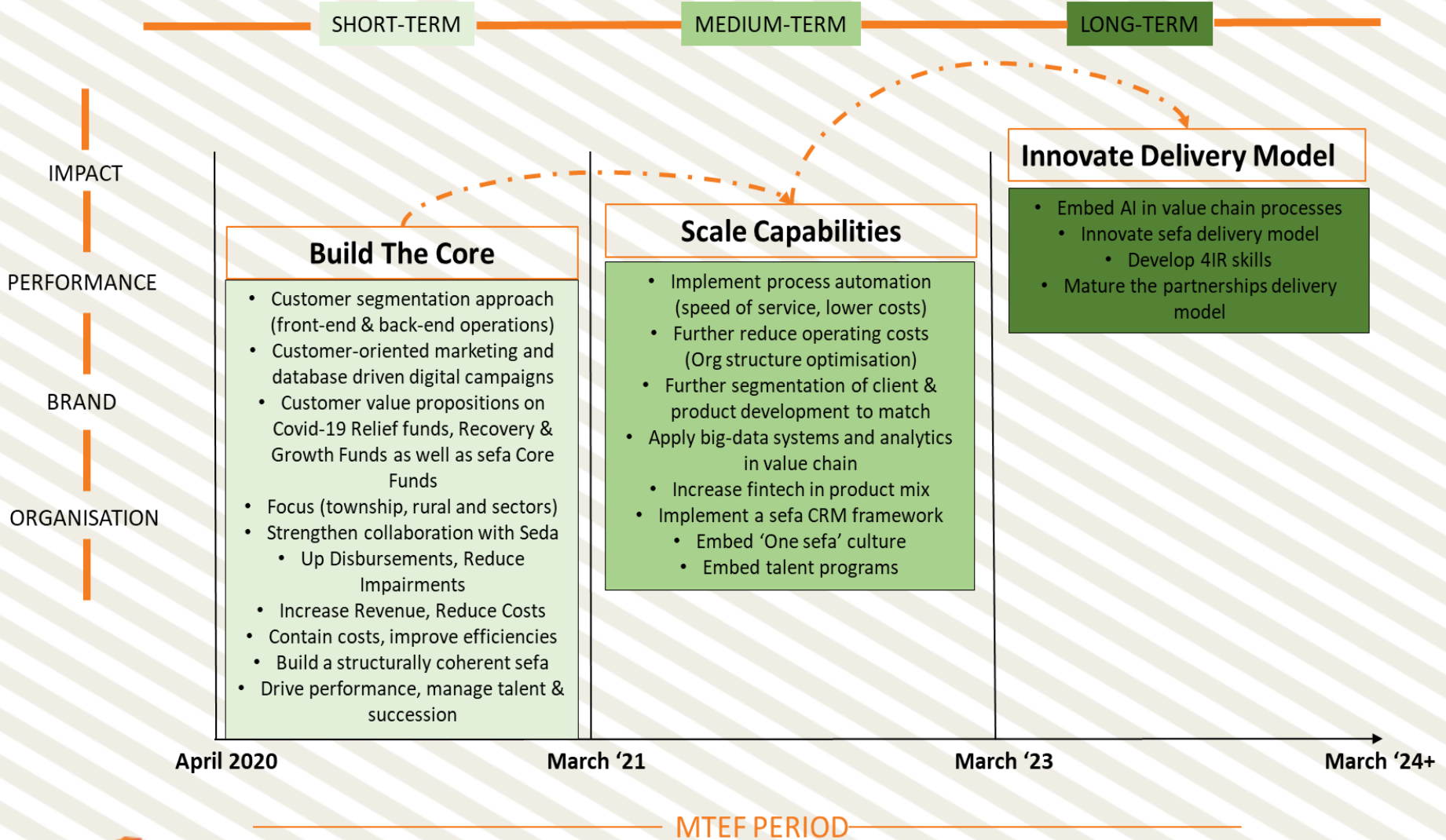
# Corporate Plan Outline (cont.)

Chapter	Name	Description
6	Performance Against Pre-Determined Targets	A 5-year analysis of support to targeted groups (black owned, youth, women, disability, rural priority province, township, etc.)
7	Financial Implications	Projected 5-year financial performance in relation to income and expenditure, growth in the loan book, projected borrowing plan. Provides pro-forma income, cashflow and balanced sheet statements
8	Risk Management	Analysis of Strategic Risks and Mitigating Actions
9	Organisational Implementation Programmes	Access to Finance; Post Investment, Workout & Restructuring; Corporate Services; Marketing & Stakeholder Relations; Compliance, Governance & Enterprise Risk Management; Property Management.

# Overview of the sefa Strategy over the MTEF period



# sefa MTEF Road Map





# sefa Alignment with DSBD Outcomes

MTSF/ DSBD Focus	MTSF Intervention	sefa Intervention	sefa's Contribution over the MTSF Period (2021 -2025)
<b>Priority 2: Economic Transformation and Job Creation</b>			
<b>Competitive &amp; accessible markets</b>	Strengthen development finance towards SMME development	Implementation of Direct Lending, Wholesale Lending & Credit Guarantee loan programmes	<ul style="list-style-type: none"> <li>• Loan approvals: R13.2 billion</li> <li>• Loan disbursements: R9.7 billion</li> <li>• Numbers of Enterprises financed: 812 183</li> <li>• Number of jobs facilitated: 1 017 379</li> </ul>
	Facilitate the increase in the number of competitive small businesses with a focus on township and rural development	Targeted loan programme interventions focusing on townships and rural villages	<ul style="list-style-type: none"> <li>• Total disbursements to townships: R 3.8 billion</li> <li>• Total disbursement to rural towns and villages: R4.4 billion</li> <li>• Total COVID-19 linked stimulus funding R2.1 billion</li> </ul>
<b>Increased economic participation, ownership and access to resources and opportunities by women, youth and persons with disabilities</b>	Programmes to expand access to finance, incentives and opportunities for women, youth and persons with disabilities-led and owned businesses, including those in the informal sector	Targeted loan programme interventions focusing on for women, youth and persons with disabilities	<ul style="list-style-type: none"> <li>• Total disbursements to women: R4.8 billion</li> <li>• Total disbursements to youth: R3.9 billion</li> <li>• Total disbursements to people with disabilities: R293 million</li> </ul>
<b>Rural economy, Implementation Plan: Sustainable land reform</b>	Land acquired for redistribution, restitution and tenure reform	Implementation of Land Reform Empowerment Fund	<ul style="list-style-type: none"> <li>• Total approvals: R86 million</li> </ul>
<b>Priority 6: Capable, Ethical and Development State</b>			
<b>Functional, efficient and integrated government</b>	Modernise business processes in the public sector	Over the planning period, sefa's end-to-end business processes (lending business process, employee, corporate governance, finance, facilities & IT, performance management and reporting) will be automated	<ul style="list-style-type: none"> <li>• Improved turnaround times</li> <li>• Reduced operating costs &amp; improved organisational efficiencies</li> <li>• Increased customer satisfaction</li> </ul>

# DSBD Outcomes & sefa Goals

## sefa Strategic Themes

## sefa Strategic Goals

**OUTCOME 1**  
Creating more  
decent jobs

IMPACT

PERFORMANCE

BRAND

ORGANISATION

**OUTCOME 2**  
Inclusive  
economic growth

1. Ensure sefa is a high impact, high performance DFI that is responsive to government's macroeconomic policies and specifically the DSBD MTSF plan
2. Align sefa's organisational structure, culture and innovative delivery model to be responsive to its mandate and strategy
3. Develop the sefa brand value-proposition for our target markets, improve distribution reach, and establish winning collaborative models
4. Improve sefa's sustainability, operational effectiveness, efficiencies and service delivery by streamlining business processes and deploying technology solutions

# Corporate Plan Implementation



# Sefa Corporate Plan Programmes

Programme Name	Sub-Programme	Description
<b>Access to finance</b>	<b>Informal &amp; Micro Finance</b>	<ul style="list-style-type: none"> <li>To increase and innovatively expand access, and reduce the cost of end-user financing, to informal and micro-enterprises, particularly those in rural and peri-urban areas</li> </ul>
	<b>SME Wholesale Lending</b>	<ul style="list-style-type: none"> <li>To increase and innovatively expand access to finance whilst reducing the cost of end-user financing for SMMEs and Co-operatives</li> <li>crowds-in financial, business support and technical resources of the public and private sector strategic partners to increase access to finance</li> </ul>
	<b>KCG</b>	<ul style="list-style-type: none"> <li>Credit Indemnity Scheme assists SMMEs and Co-operatives to obtain financing from the commercial banks, non-bank financial institutions, corporates and other lenders of incidental credit to enable them to establish, expand or acquire new or existing businesses in circumstances where they would not, without the support of an indemnity cover.</li> <li>KCG issues partial credit guarantees to lenders for SMME borrowers, whose access to finance is impeded by the lack of collateral required by lenders</li> </ul>
	<b>Direct Lending</b>	<ul style="list-style-type: none"> <li>To provide tailor-made solutions to SMMEs and Co-operatives in the formal sector of the economy that require support for business start-ups or expansions through the provision of finance for asset acquisition and working capital.</li> </ul>
<b>Post Investment</b>	<b>Workout &amp; Restructuring Management</b>	<ul style="list-style-type: none"> <li>Build sustainable investee companies that will create value for the entrepreneurs. This in turn ensures that sefa's investment is protected, fully repaid and that jobs are sustained.</li> <li>Contain and reduce portfolio impairment rates of the investments made in order to ensure that sefa's capital base is not eroded. Reducing the portfolio impairment rates to minimal levels will guarantee the sustainability of sefa.</li> <li>Manage and improve portfolio collections.</li> </ul>



# Sefa Corporate Plan Programmes (cont.)

Programme Name	Sub-Programme	Description
Corporate Services	<b>Financial &amp; Supply Chain Management</b>	<ul style="list-style-type: none"> <li>To facilitate effective and efficient management of financial, procurement and property management administration in sefa.</li> <li>To ensure that all Business Units comply with the procurement policy and procedures and to assist in the implementation thereof</li> </ul>
	<b>Human Capital Management</b>	<ul style="list-style-type: none"> <li>To facilitate and support sefa with attraction and retaining of talent, performance management, HR and Facilities administration management</li> </ul>
	<b>Information and Communication Technology</b>	<ul style="list-style-type: none"> <li>Provide reliable ICT support to sefa business through application development, network/infrastructure management, security management and end-user computing support</li> </ul>
	<b>Corporate Strategy &amp; Reporting</b>	<ul style="list-style-type: none"> <li>To provide strategic support services to the line of businesses through:                             <ol style="list-style-type: none"> <li>Corporate planning and reporting.</li> <li>Research management, information dissemination and programme evaluation.</li> <li>Strategic project management implementation and coordination.</li> <li>New product development and pilot implementation</li> </ol> </li> </ul>
<b>Marketing &amp; Stakeholder Management</b>	<b>Marketing and Communication</b>	<ul style="list-style-type: none"> <li>To position and market sefa, its products and services to SMMEs and Co-operatives and to facilitate strategic engagements with key stakeholders.</li> </ul>

# Sefa Corporate Plan Programmes (cont.)

Programme Name	Sub-Programme	Description
<b>Compliance, Governance, Enterprise Risk and IA</b>	<b>Governance, Risk and Compliance</b>	<ul style="list-style-type: none"> <li>To ensure that sefa fully comprehends the compliance obligations that are inherent in its business.</li> <li>Conduct monitoring exercises in a form of compliance reviews and control self-assessments to determine the level of compliance within business units</li> <li>Embed the compliance culture within the organisation</li> </ul>
	<b>Enterprise Credit Management</b>	<ul style="list-style-type: none"> <li>To ensure that sefa's risk is in line with the Institution's risk appetite and threshold and ensure that all risks inherent in sefa's lending decisions are mitigated and managed</li> </ul>
	<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>Internal Audit monitors and follows up on the implementation of agreed action plans to ensure an improved control environment.</li> <li>It performs Forensic investigations, special assignments as well as consulting activities as requested by Management and the Board as part of Fraud Risk Management</li> </ul>
	<b>Legal Services</b>	<ul style="list-style-type: none"> <li>Legal Services provides contract drafting, legal representation and legal advice to the core and supporting divisions of <b>sefa</b></li> </ul>
	<b>Company Secretariat</b>	<ul style="list-style-type: none"> <li>To provide Directors of the Company , collectively and individually with guidance as to their duties, responsibilities and powers,</li> <li>Making directors aware of any law relevant or affecting the Company, and</li> <li>Maintaining the minutes of all Shareholders', Board and Committee meetings in accordance with the Companies Act.</li> </ul>
<b>Property Management</b>		<ul style="list-style-type: none"> <li>To efficiently manage the properties in order to support SMME's by providing affordable and conducive accommodation</li> </ul>

# Loan Programme Strategies and Outcomes:2020/21 – 24/25

Loan Programme	Direct Lending	Wholesale Lending	Informal and Micro Enterprise	Khula Credit Guarantee
<b>Strategic Focus</b>	<ul style="list-style-type: none"> <li>Lending to labour absorptive enterprises and sectors</li> <li>Re-position positioning of loan programme – efficiency and customer front</li> <li>COVID &amp; Economic Recovery Lending programmes (SMME Debt Relief, Bakeries &amp; Confectionaries Support Programme, Informal Clothing and Textile businesses, Tshisanyama and Cooked Food Vendors, Small Enterprise Manufacturing Support Programme</li> </ul>	<ul style="list-style-type: none"> <li>Sector-based lending programmes - heavy and light manufacturing, green industries, telecommunications infrastructure development, tourism, agro-processing</li> </ul>	<ul style="list-style-type: none"> <li>Expanding the micro-enterprise loan programme footprint;</li> <li>New lending programme to Personal Care Providers and Fruit and vegetable Vendors;</li> <li>Introduction of Fintech Lending model to increase access and reduce the cost of lending</li> </ul>	<ul style="list-style-type: none"> <li>To expand the utilization of the Credit Indemnity Scheme by increasing the number of participating institutions, introduction of new products, and the streamlining of business processes and systems.</li> <li>Increase the capitalisation of the scheme to broaden its impact by reaching out to more participating institutions</li> </ul>

## Loan Book Outcomes

<b>Approval</b>	R 3.7 billion	R 2.2 billion	R2.6 billion	R 4.7 billion
<b>Disbursement to End-user</b>	R 3.1 billion	R 2 billion	R 3.0 billion	R 1.6 billion
<b>No of Enterprises Finances</b>	16 378	1 621	658 565	135 619
<b>Jobs Facilitated</b>	92 742	25 512	658 565	241 000

# Loan Programme Strategies and Outcomes:2020/21 – 24/25

	Direct Lending	Wholesale Lending	Informal and Micro Enterprise	Khula Credit Guarantee
<b>Development Impact - Disbursements</b>				
<b>Black-owned Enterprises</b>	R2.2 billion	R 1.4 billion	R 3.0 billion	R 1.1 billion
<b>Women-owned Enterprises</b>	R1.6 billion	R 1 billion	R 1.5 billion	R 818 million
<b>Youth-owned Enterprises</b>	R1.2 billion	R 816 million	R 1.2 billion	R 654 million
<b>Township Based Enterprises</b>	R771 million	R 510 million	R 2.1 billion	R 409 million
<b>Enterprises Located in Rural Towns and Villages</b>	R1.4 billion	R 918 million	R 1.4 billion	R 736 million
<b>Enterprises owned by people with Disability</b>	R92 million	R 61 million	R 90 million	R52 million



# Interventions to Mitigate the Impact of COVID-19 & Stimulate Entrepreneurship



# Interventions to Mitigate the Impact of COVID-19

To mitigate the impact of COVID-19 on SMMEs and Co-operatives, DSBD in conjunction with its agencies, **sefa** and Seda will implement the following programmes to the value of R733.6 million:

Programme	Description	Amount
SMME Relief Fund	To provide cashflow support (salaries, rent and utilities) to enterprises that were negatively impacted during the lockdown period.	R513 million
Business Growth/ Resilience Facility	To provide support to enterprises that will produce and provide services to fight and contain the spread of COVID-19.	R50 million
Payment Holiday for <b>sefa</b> -funded clients	The rescheduling of <b>sefa</b> 's clients' loans obligations whose businesses have been adversely impacted by COVID-19, <b>sefa</b> will forgo these cash instalments:	R170.6 million

# Interventions to Stimulate Rural & Township Entrepreneurship

Programme	Description	Amount
Spaza Shops Support Programme	It's a cashflow facility in the form of credit guarantee administered via the commercial banks that enabled SA's spaza shop owners with a valid operating permit to buy stock at accredited wholesalers	R175 million
Small Scale Manufacturing	Support to small-scale manufacturers via blended financing with clients required to create a minimum of 10 jobs	R350 million
Informal Clothing & Textiles	A joint sefa-Seda programme initiative focusing on skills enhancements and upgrading machinery and equipment of informal clothing and textile manufacturers.	R105 million
Bakeries & Confectionaries	To provide access to markets through spaza shops, school nutrition schemes, hospitals, military & other social relief programmes. This will be in the form of working capital investment that includes bulk buying facility on pre-approved products through pre-selected wholesalers, which would be leveraged on the Spaza & General Dealers Support Facility	R100 million

# Interventions to Stimulate Rural & Township Entrepreneurship (cont.)

Programme	Description	Amount
Autobody Repairers & Mechanics	A credit guarantee facility in the form of supplier guarantee to informal autobody repairers and mechanics to purchase stock and other relevant equipment in execution of their business activities	R225 million
Fruit & Vegetables Hawkers	Micro-credit and business support to Fruit & Vegetable hawkers across the country	R135 million
Hairdressers & Personal Care	Micro-credit and business support to Hairdressers & Personal Care entrepreneurs across the country	R90 million
Tshisanyama & Cooked Food Vendors	To provide business relief support through start-up stock for cooked food businesses that were unable to operate during the lockdown period.	R50 million

Total value of programme interventions for township and rural entrepreneurship  
R 1.23 billion





# Financial Projections



1. **sefa** is forecasted to maintain a 100% cost to income ratio over budget period, thus generate adequate income to cover costs, **except for 2021 FY where cost to income ratio exceeds 100%**

2. **sefa** is unable to maintain positive cash balances throughout budget period.

3. TEF funds of R4.6 billion re-channelled into post economic recovery funds, but unfortunately attracts concessionary interest rates and mostly 50% grant income

## Budget Assumptions & Guidelines

4. Drawdown on IDC loan capped at R640m. (R281m additional drawdown removed)

5. Targeted impairment reduction initiatives

6. Dependent on use of reflows from Covid-19 funds to remain financially sustainable.

8. R300 mil recapitalisation of KCG in 2021 from EU funds remain.

9. Blended Finance and Distressed Funds have been removed

7. Head Count increases to 295 (38 FTC; 11 permanents)

10. Additional R1.3bn allocated to fund KCG from economic recovery funds and a further R175 mil from Spaza Shops Support Programme.

11. Repositioning and sale of non-strategic and non-profitable making properties

# Budget Projections-INTEREST INCOME

## Interest Rates affected by:

- a) COVID-19 attract concessionary rates (SMME Debt Relief (Prime less 5%, others fixed rates of 5%))
- b) Payment holidays given to clients
- c) Delay in the disbursement of SBIF/EU loans (compared to original budget)
- d) Reduction in the repo rate on the linked-rate portfolios
- e) Increase in the impairment rate thereby increasing suspended interest
- f) TEF funds of R4.6 billion re-channelled into post economic recovery funds, but unfortunately attracts concessionary interest rates and mostly 50% grant income

	Pre-COVID-19	Adjustment Budget
	R'000	R'000
Interest from Lending Operations FY21	106 714	50 063
Interest from Lending Operations 5 years (up to FY25)	766 283	485 848

# Budget Projections: HEAD COUNT & STAFF COSTS

## Head Count Projected at 295:

- a) Current establishment 249
- b) Additional headcount: 38 FTC and 11 permanents staff

	Pre-COVID-19	Adjustment Budget
	R'000	R'000
Staff costs – FY21	(269 482)	(312 104)
Staff costs for 5 years – Up to FY25	(1 349 948)	(1 504 069)

# Budget Projections: IMPAIRMENTS

CONSOLIDATED IMPAIRMENTS	Actual March 2020	Forecast 2021	Forecast for year 5 (2025)
Original Budget No COVID 19 funds	41%	33%	26%
Re-forecasted budget – Including specific COVID 19 funds		40%	34%

	Pre-COVID-19	Adjustment Budget
	R'000	R'000
Increase in expected credit losses FY21	(337 989)	(596 201)
Increase in expected credit losses 5 years up to FY25	(1 600 392)	(1 334 843)



# Budget Projections: Balance Sheet

	Pre-COVID-19	Adjustment Budget
	R'000	R'000
<b>BALANCE SHEET</b>		
Cash attributable to the Group FY21	1 087 322	935 479
Cash attributable to the Group FY25	3 383 252	2 211 706
Total Assets FY21	3 875 213	3 644 443
Total Assets FY25	7 604 882	4 867 058
Total Liabilities FY21	964 310	2 352 215
Total Liabilities FY25	1 232 639	1 647 770

# Key Ratios

Outcome	Outputs	Output Indicators	Audited Performance		Actual	Projected	Projected	Projected
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Ensure the financial sustainability of the entity and contain costs	Financial sustainability	Cost to income ratio (excluding impairments, TEF, EU results, SBIF results, and blended finance, ) The cost to income ratios in the 2018 and 2019 financial years included impairments	102%*	105%*	79%	122%	130%	130%
Cash and capital preservation	Capital Preservation and financial sustainability	Accumulated Impairment provision as a percentage of total loans and advances (excluding Direct Lending disbursement before 1 April 2016)  The accumulated impairments ratios in the 2018 financial years included disbursements prior to 1 April 2016	37*	47%	41%	40%	38%	36%
Operational Efficiency		Personnel costs/ loans and advances and equities	11%	13%	15%	20%	18%	16%

# Performance Against Pre-determined Objectives



# Corporate Performance Scorecard

Measurement Indicator	FY 2020/21	2021/22	2022/23	2023/24	2024/25	5-year Target
<b>Objective 1 -Ensure Sefa is a high impact, high performance DFI that is responsive to government's microeconomic policies and specifically the DSBD MTEF plan</b>						
<b>Loan Book Performance</b>						
<b>Total Approvals - sefa and TEF (R'000)</b>	2 770 611	2 862 170	2 437 522	2 516 561	2 613 808	13 200 672
<b>Total disbursements to SMMEs and Co-operatives (R'000)</b>	1 986 559	2 199 856	1 803 602	1 856 972	1 936 588	9 735 577
<b>Number of SMMEs and Co-operatives financed</b>	106 883	177 043	163 860	175 000	189 397	812 183
<b>Number of jobs facilitated</b>	164 210	204 515	203 463	215 092	230 100	1 017 379
<b>Development Impact</b>						
<b>Facilities disbursed to youth-owned (18-35 years old) enterprises (R'000)</b>	794 623	879 942	721 441	742 789	774 635	3 913 431
<b>Facilities disbursed to enterprises to rural towns and villages (R'000)</b>	893 951	989 935	811 621	835 637	871 465	4 402 609
<b>Facilities disbursed to women-owned businesses (R'000)</b>	993 279	1 099 928	901 801	928 486	968 294	4 891 788
<b>Facilities disbursed to black-owned businesses (R'000)</b>	1 494 924	1 716 925	1 459 357	1 506 533	1 577 125	7 754 864
<b>Disbursements to township-based enterprises (R'000)</b>	653 138	815 502	746 154	774 222	816 417	3 805 433
<b>Facilities to people with disabilities (R'000)</b>	59 597	65 996	54 108	55 709	58 098	293 507

# Corporate Performance Scorecard (cont.)

Measurement Indicator	2020/21	2021/22	2022/23	2023/24	2024/25	5-year Target
<b>Objective 2 - Align sefa's organisational structure, culture and innovative delivery model to be responsive to its mandate and strategy</b>						
<b>Human Capital Management</b>						
Employee Satisfaction Index	70%		75%		85%	85%
Percentage of staff (P – Band and above) that scores 3.1 or more in the annual performance assessment.	80.00%	80.00%	80.00%	80.00%	80.00%	80%
<b>Objective 3 - Develop the sefa brand value-proposition for our target markets, improve distribution reach, and establish winning collaborative models</b>						
<b>Organisational Collaboration</b>						
Level of Customer Satisfaction		80%		80%		80%
sefa/seda colaboration	National SMME Database: sefa customer data available for reporting purposes - Central database of business mentors & advisors: sefa mentorship activities integrated with Seda business advisors -Common application template: Additional integrations to available sources. Implement business plan quality rating	<p>Analytics on SMME lifecycle view of all databases and referrals for:</p> <ul style="list-style-type: none"> <li>National SMME Database</li> <li>A central database of business mentors &amp; advisors: Expand to integrate to Seda eco-system partners.</li> <li>Common application template: Integrated application to <b>sefa</b> for good quality Business Plans. Deep learning/BOT implementation to assist with capturing of data. Reduce unnecessary information requests</li> </ul>	<p>Expand on referrals and SMME lifecycle to include available government SMME information</p> <ul style="list-style-type: none"> <li>Combining National SMME Database/central database of business mentors &amp; advisors for full integration and referral tracking of activities</li> <li>Common application template: Full integration to the <b>sefa</b> application form. Automate financials and include credit scoring.</li> </ul>			



# Corporate Performance Scorecard (cont.)

Measurement Indicator	2020/21	2021/22	2022/23	2023/24	2024/25	5-year Target
<b>Collaborative partnerships with the private and non-governmental sector</b>	Central database of business mentors & advisors: sefa mentorship activities	5	5	5	5	20
<b>Objective 4 - Improve Sefa's sustainability, operational effectiveness, efficiency and service delivery by streamlining business processes and deploying technology solutions</b>						
<b>Financial Sustainability</b>						
<b>Cost to Income Ratio</b>	122%	130%	130%	100%	100%	100%
<b>Accumulated Impairment provision as a percentage of total loans and advances</b>	40%	38%	36%	34%	34%	34%
<b>Collection Rate</b>	85%	85%	85%	85%	85%	85%
<b>Level of Organisational process automation</b>	20%	40%	60%	80%	100%	100%

# Thank You

Small Enterprise Finance Agency



# Backup Slides

Small Enterprise Finance Agency



# Income Statement

	2019	2020 Actual	2021	2022	2023	2024	2025
STATEMENTS OF COMPREHENSIVE INCOME R'000	AUDITED	Unaudited	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
Interest from lending operations	66 709	64 348	50 063	106 070	104 282	110 616	114 817
Increase in expected credit losses on loans and advances	(129 333)	(168 594)	(596 201)	(182 903)	(180 716)	(184 638)	(190 385)
<b>Loss from lending activities</b>	<b>(62 624)</b>	<b>(104 246)</b>	<b>(546 138)</b>	<b>(76 833)</b>	<b>(76 434)</b>	<b>(74 022)</b>	<b>(75 568)</b>
Fee income from loans	5 493	8 124	7 725	12 279	12 720	13 181	13 666
Indemnity fees	2 074	2 823	3 017	2 774	2 411	2 531	2 658
Investment property rental income	27 635	23 874	17 463	28 806	30 823	32 981	35 289
Interest on overdue rental debtors	1 719	1 321	-	-	-	-	-
Investment income	42 816	40 851	59 883	33 941	53 391	66 481	75 214
Other income	16 855	22 666	7 616	7 748	1 298	1 729	5 203
Interest on related party loans	-	-	-	-	-	-	-
Interest expense on shareholder's loan	(41 171)	(46 484)	(52 409)	(67 139)	(74 865)	(78 482)	(33 197)
<b>Gross loss after finance costs</b>	<b>(7 203)</b>	<b>(51 071)</b>	<b>(502 843)</b>	<b>(58 424)</b>	<b>(50 656)</b>	<b>(35 601)</b>	<b>23 265</b>
Net fair value (loss)/gain on investment properties	5 254	-	-	-	-	-	-
Increase in impairments on investments	(3 777)	-	-	-	-	-	-
Investment property expenses	(53 524)	(50 302)	(58 671)	(62 823)	(68 719)	(63 911)	(68 385)
Personnel expenses	(177 180)	(201 966)	(312 104)	(300 210)	(280 833)	(297 063)	(313 859)
Other operating expenses	(76 965)	(90 394)	(113 853)	(83 353)	(78 277)	(86 025)	(92 507)
<b>Operating loss</b>	<b>(313 395)</b>	<b>(393 733)</b>	<b>(987 471)</b>	<b>(504 810)</b>	<b>(478 485)</b>	<b>(482 600)</b>	<b>(451 486)</b>
Profit from equity accounted investments, net of tax	13 738	27 742	48 000	56 599	59 331	62 196	62 207
Grant paid	-	(28 524)	(900 976)	(639 375)	(639 375)	(639 375)	(639 375)
Grant Income Received	-	28 524	1 675 282	1 540 967	1 589 340	1 513 386	1 435 990
<b>Loss before tax</b>	<b>(299 657)</b>	<b>(365 991)</b>	<b>(165 165)</b>	<b>453 381</b>	<b>530 811</b>	<b>453 607</b>	<b>407 336</b>
Income tax credit/(charge)	3 535	-	(2)	-	1	(1)	-
<b>Net Profit/(loss) for the year</b>	<b>(296 122)</b>	<b>(365 991)</b>	<b>(165 167)</b>	<b>453 381</b>	<b>530 812</b>	<b>453 606</b>	<b>407 336</b>



# Balanced Sheet

STATEMENTS OF FINANCIAL POSITION R'000	2019 AUDITED	2020 Actual Unaudited	2021 FORECAST	2022 FORECAST	2023 FORECAST	2024 FORECAST	2025 FORECAST
<b>ASSETS</b>							
Cash and cash equivalents (Group)	593 368	564 929	838 816	1 087 481	1 122 017	1 065 837	1 034 921
Cash and cash equivalents (SBIF)	-	669 772	47 139	88 672	157 130	228 155	301 844
Cash and cash equivalents (TEF)	-	-	5 463	26 278	76 556	149 484	232 082
Cash and cash equivalents (COVID-19)	-	79 000	37 977	189 406	363 453	475 954	537 174
Cash and cash equivalents (EU)	-	149 998	6 082	27 743	52 757	78 726	105 686
Cash and cash equivalents (Managed Funds)	71 594	66 918	66 918	66 918	66 918	66 918	66 918
Trade and other receivables	32 569	63 536	48 746	50 970	29 194	31 881	34 827
Current tax asset	579	579	579	579	579	579	579
Loans and advances	389 441	420 471	577 347	615 753	736 729	867 908	965 910
Loans and advances (SBIF)	-	0	231 470	203 424	147 976	89 473	27 748
Loans and advances (TEF)	-	0	39 939	91 050	117 243	125 310	128 503
Loans and advances (EU)	-	0	102 529	81 434	57 887	34 340	10 792
Loans and advances (COVID-19)	-	0	446 973	320 585	172 145	85 177	48 391
Investment properties	187 469	187 469	151 070	151 070	151 070	151 070	151 070
Equipment, furniture and other tangible assets	5 532	7 772	12 905	10 756	8 044	5 359	3 787
Intangible assets	588	2 507	19 946	17 472	14 564	11 201	7 703
Right-of-use assets	-	-	28 820	20 358	14 150	4 810	50 499
Deferred tax asset	4 454	4 454	4 454	4 454	4 454	4 454	4 454
Equity investments	926 184	934 625	977 270	1 020 966	1 061 768	1 105 964	1 154 170
<b>TOTAL ASSETS</b>	<b>2 211 778</b>	<b>3 152 030</b>	<b>3 644 443</b>	<b>4 075 369</b>	<b>4 354 635</b>	<b>4 582 601</b>	<b>4 867 058</b>
<b>EQUITY AND LIABILITIES</b>							
Share capital	308 300	308 300	308 300	308 300	308 300	308 300	308 300
Shareholder reserves	1 862 543	2 103 996	2 234 570	2 315 495	2 315 495	2 315 495	2 315 495
Retained earnings and other reserves	(708 860)	(1 079 819)	(1 250 653)	(797 270)	(266 459)	187 144	595 482
<b>Equity attributable to owners of the parent</b>	<b>1 461 983</b>	<b>1 332 477</b>	<b>1 292 217</b>	<b>1 826 525</b>	<b>2 357 336</b>	<b>2 810 939</b>	<b>3 219 277</b>
Non-controlling interest	11	11	11	11	11	11	11
<b>Total equity</b>	<b>1 461 994</b>	<b>1 332 488</b>	<b>1 292 228</b>	<b>1 826 536</b>	<b>2 357 347</b>	<b>2 810 950</b>	<b>3 219 288</b>
<b>Liabilities</b>							
Trade and other payables/	145 565	153 983	180 665	184 755	188 731	192 515	196 421
Grants Received in Advance	-	1 000 476	1 253 103	972 677	653 501	420 248	274 728
Lease Liabilities	-	-	30 562	22 802	16 201	4 168	51 250
Outstanding claims reserve	8 123	6 698	9 342	7 960	6 834	7 171	7 525
Unearned risk reserve	12 962	28 880	37 050	32 779	29 300	30 342	31 436
Post-retirement medical liability	554	443	594	751	750	754	754
Shareholder's loans	582 580	629 062	840 899	1 027 109	1 101 971	1 116 453	1 085 656
<b>Total liabilities</b>	<b>749 784</b>	<b>1 819 542</b>	<b>2 352 215</b>	<b>2 248 833</b>	<b>1 997 288</b>	<b>1 771 651</b>	<b>1 647 770</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 211 778</b>	<b>3 152 030</b>	<b>3 644 443</b>	<b>4 075 369</b>	<b>4 354 635</b>	<b>4 582 601</b>	<b>4 867 058</b>



# Cash Flow Statement

	2019 AUDITED	2020 Actual Unaudited	2021 FORECAST	2022 FORECAST	2023 FORECAST	2024 FORECAST	2025 FORECAST
<b>Cash flows from operating activities</b>							
Cash utilised by operations	(198 951)	(241 400)	(1 733 024)	(1 077 567)	(1 038 602)	(1 073 085)	(1 088 338)
Loans and advances awarded to customers or investees	(61 784)	(209 948)	(1 563 665)	(96 890)	(100 450)	(154 866)	(169 521)
Tax paid	(25)	-	-	-	-	-	-
<b>Net cash utilised by operating activities</b>	<b>(260 760)</b>	<b>(451 348)</b>	<b>(3 296 689)</b>	<b>(1 174 457)</b>	<b>(1 139 052)</b>	<b>(1 227 951)</b>	<b>(1 257 859)</b>
<b>Cash flows from investing activities</b>							
Purchase of equipment, furniture and other tangible assets	(2 674)	(5 574)	(9 100)	(2 881)	(3 025)	(3 176)	(3 335)
Purchase of intangible assets	(44)	(3 354)	(20 650)	(2 785)	(2 917)	(3 067)	(3 220)
Improvements on investment properties	-	-	-	-	-	-	-
Investment income	52 740	49 429	59 883	33 941	53 391	66 481	75 214
Grant income received	-	1 029 000	1 927 908	1 260 541	1 270 164	1 280 133	1 290 470
Acquisition of investments	2 771	5 757	5 354	12 905	18 528	18 000	15 000
Proceeds from sale of property and equipment	35	294	1	-	-	-	-
Proceeds from sale of investment properties	1 659	-	29 899	(7 000)	(7 000)	-	-
<b>Net cash generated by investing activities</b>	<b>54 487</b>	<b>1 075 552</b>	<b>1 993 295</b>	<b>1 294 721</b>	<b>1 329 141</b>	<b>1 358 371</b>	<b>1 374 129</b>
<b>Cash flows from financing activities</b>							
Dividends paid	-	-	-	-	-	-	-
Repayment of the lease liabilities	-	-	(14 826)	(10 536)	(12 126)	(14 551)	(13 094)
Capital funding received from shareholders	378 837	241 453	790 000	374 375	174 375	110 375	110 375
<b>Net cash from financing activities</b>	<b>378 837</b>	<b>241 453</b>	<b>775 174</b>	<b>363 839</b>	<b>162 249</b>	<b>95 824</b>	<b>97 281</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>172 564</b>	<b>865 657</b>	<b>(528 220)</b>	<b>484 105</b>	<b>352 336</b>	<b>226 244</b>	<b>213 550</b>
Cash and cash equivalents at beginning of year	492 398	664 962	1 530 617	1 002 395	1 486 498	1 838 831	2 065 074
<b>Cash and cash equivalents at end of year</b>	<b>664 962</b>	<b>1 530 619</b>	<b>1 002 397</b>	<b>1 486 500</b>	<b>1 838 834</b>	<b>2 065 075</b>	<b>2 278 624</b>
Cash held on behalf of managed funds	(71 594)	(66 918)	(66 918)	(66 918)	(66 918)	(66 918)	(66 918)
<b>Cash attributable to the Group</b>	<b>593 368</b>	<b>1 463 701</b>	<b>935 479</b>	<b>1 419 582</b>	<b>1 771 913</b>	<b>1 998 157</b>	<b>2 211 706</b>