



Enterprise Management & Innovation (Pty) Ltd

**SUSTAINABLE EMPLOYMENT  
MICROENTERPRISE DEVELOPMENT  
(SEMED) PROJECT**

(Grant No. 674-6-00-00-00064-00)

(Award No. 674-G-00-00-00064-00)

**2<sup>nd</sup> QUARTERLY REPORT, FY'02  
(1/1/2002 – 3/31/2002)**

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## **EXECUTIVE SUMMARY**

This Report details Enterprise Management and Innovation (Pty Ltd.) (EM&I) activities performed on the Sustainable Employment Micro-Enterprise Development (SEMED) Project Grant No. 674-6-00-00-00064-00, Award No. 674-G-00-00-00064-00 from January 1, 2002 through March 31, 2002.

Near the end of the 2<sup>nd</sup> Quarter, FY '02, EM&I submitted the SEMED Project Performance Monitoring Plan (PMP) to USAID/South Africa. This PMP was the end result of a number of meetings between various USAID/South Africa representatives and SEMED Project and EM&I staff. During these meetings, Project Performance Indicators were reviewed and adjusted to ensure objectivity, practicality and reliability, as well as direct measurement of SEMED Project impact. Approval of the SEMED Project PMP was received on April 5, 2002, and this Quarterly Report presents Project results, as outlined in the approved PMP format.

### **PROGRAM PERFORMANCE**

The SEMED Project Client Profile comprises 76% micro-enterprises and 24% small businesses. During the quarter, the Project made considerable progress, as measured against its performance indicator targets.

Second Quarter Project results are on-target for Increased Market-Driven Employment Opportunities in the SMME Sector, with a total of 352.5 employment opportunities facilitated, which represents 49% of the annual target. The SEMED Project also showed significant progress toward other Performance Indicators, achieving 64% of the annual goal for the Value of Business Transactions, 50% for the Number of Profitable Product Lines Developed/Enhanced, and 47% for the Value of Finance Accessed. Fifty-three percent (53%) of 2<sup>nd</sup> Quarter SEMED Project Business Transactions involved women.

Although results for the Number of Entrepreneurs Receiving Business Training and the Number of Entrepreneur Hours of Business Training are low, the Tycoon Business Adventures business skills training program is scheduled for broadcast by Motsweding FM starting in June 2002. The number of entrepreneurs reached through this educational radio program will exceed the targets set for these two (2) performance indicators. Motsweding FM, a radio station that covers Northwest and Gauteng Provinces, as well as some parts of Limpopo, Northern Cape and Free State Provinces, has a daily listenership of 1,700,000, of which an estimated 6% or 102,000 are micro-entrepreneurs.

Project Performance was especially high in relation to the Number of Entities Accessing Finance, for which 81% of the annual target has already been achieved. The SEMED Project achieved these excellent results despite commercial financial institutions' reticence to provide loans to historically disadvantaged micro-enterprises, and to the lengthy period they take to process and approve applications (typically three months). To meet this challenge, SEMED staff developed innovative approaches to access finance for historically disadvantaged micro-entrepreneurs from non-traditional sources by:

- Convincing suppliers to provide short-term credit to SEMED clients.
- Assisting SMME clients to access corporate business deals in profitable markets.
- Persuading equipment suppliers to provide long-term credit to SEMED clients.
- Establishing successful relationships with private investors to make three-month bridge loans to fund clients' working capital requirements.

- Facilitating the formation of joint ventures (JVs) between historically disadvantaged micro-entrepreneurs and established white-owned enterprises. This allows clients to benefit from the new partners' existing capital equipment and working capital. In addition, the micro-entrepreneurs acquire "hands-on" experience from their white partners in a real-life working environment. In return, the white partner has access to bank finance earmarked to historically disadvantaged businesses.
- Leveraging commercial subsidies for SMMEs from government departments, and/or parastatals.

In addition to the Amount of Finance Already Accessed, a category in which the SEMED Project is on-target (47%), the Access to Finance pipeline (loan applications submitted to financial institutions or being prepared) currently stands at R59,234,000, a number nearly three (3) times the target value set for Access to Finance. Given previous performance levels, it is anticipated that 40% of these loans will be approved, which will surpass the target.

During the 2<sup>nd</sup> Quarter, the SEMED Project provided HIV/AIDS education and distributed approximately 2,800 condoms to 247 entrepreneurs and employees, bringing this Financial Year's cumulative totals to 4,100 and 457, respectively. There are no targets set for this indicator.

## **PROJECT MANAGEMENT**

At the beginning of FY '02, the employment contract of one (1) SEMED staff member was renewed for six (6) months, due to financial constraints. However, as a result of the deteriorating Rand/Dollar exchange rate, funds became available, and this staff member's contract was renewed for the duration of the SEMED Project. During the 2<sup>nd</sup> Quarter, work on the SEMED Project Performance Monitoring Plan (PMP) was completed, and the final PMP was submitted to USAID/South Africa for acceptance.

SEMED Project expenditure for the 2<sup>nd</sup> Quarter is on-target (\$92,779), bringing the FY '02 cumulative expenditure to \$210,911.

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## **ACRONYMS and ABBREVIATIONS**

CC	Close Corporation
CTU	Clothing Textile & Uniform Supplies (Pty) Ltd.
EM&I	Enterprise Management and Innovation (Pty) Ltd.
FNB	First National Bank
FY	Financial Year
GTN	Global Technology Network
IDC	Industrial Development Corporation
JV	Joint Venture
MII	Mpumalanga Investment Initiative
NTS	No Target Set
PMP	Performance Monitoring Plan
R	South African Rand
RFI	Retail Financial Intermediary
SEMED	Sustainable Employment Micro-enterprise Development
SITA	State Information Technology Agency
SME	Small and Medium Enterprise
SMME	Small, Medium and Micro-Enterprise
SO5	Strategic Objective #5: Private Enterprise
US	United States
USAID	United States Agency for International Development

## **1.0 INTRODUCTION**

This Report details the activities performed by Enterprise Management and Innovation (Pty) Ltd.) (EM&I) on the Sustainable Employment Microenterprise Development (SEMED) Project, Grant No.674-6-00-00-00064-00, Award No. 674-G-00-00-00064-00, from January 1, 2002 through March 31, 2002.

## **2.0 PROGRAM PERFORMANCE**

The SEMED Project Client Profile comprises 76% micro-enterprises and 24% small businesses. These numbers are based on current cumulative Project results.

### **2.1 Strategic Objective 5 - Increased Market-Driven Employment Opportunities Created**

Second Quarter, FY'02 Project results are on-target for Increased Market-Driven Employment Opportunities in the SMME Sector, with a total of 352.5 employment opportunities facilitated, which represents 49% of the annual target.

### **2.2 IR.5.1 More Rapid Growth of Existing SMMEs**

The Value of Business Transactions (over R36,000,000, or 64% of the annual goal) is well ahead of the 50% projected by the end of the 2<sup>nd</sup> Quarter, although the cumulative Number of Business Transactions falls slightly below target (102 transactions, or 34% of the annual goal),.

Low transaction numbers are attributable to the constant tension caused by high monetary target values, though the project focuses is on micro-enterprises. Transactions involving micro-enterprises rarely involve large sums of money. In order to achieve the high value targets set for the SEMED Project, staff members have focused on fewer business transactions with large amounts, which take longer to facilitate, and detract from the time spent on micro-enterprise deals. In order to increase the number of business transactions, the SEMED Project staff will focus their efforts on micro-enterprises during the remaining project grant period, which will increase these numbers.

During the quarter forty percent (40%) of cumulative business transactions involved women. While slightly lower than the fifty percent (50%) target value, this lower value is largely due to the small numbers reported for the first quarter. During the First Quarter, FY'02, only 27% of business transactions were reported as involving females, because an SME had to be owned solely by women in order to count as an SME involving women. This definition has now been changed to include all SMEs in which women play significant roles. Second Quarter results (53% of business transactions involved women) demonstrate the dramatic improvement effected by this change of definition.

#### **2.2.1 I.R. 5.1.1 Markets for SMMEs Identified and Developed**

##### **Markets Identified**

During the 2<sup>nd</sup> Quarter, FY'02, fourteen (14) market deals were concluded. An additional seven (7) deals are currently pending completion. In all cases, each deal results in multiple market opportunities identified for SMMEs. For total numbers of these markets identified, please see the SEMED Project Performance Indicators Table on page 8. Details of these market deals are attached as Appendix 1.

SEMED Project staff also attended seminars and meetings to promote services offered by the Project, as well as to identify further SMME market opportunities. On January 10, 2002, Mr. Albert Mashegena, SEMED Project Business Linkages Manager, met with Mr. Sam Mia, Executive Director of the Congress of Business & Economics, to explain to him the services offered to SMEs by the SEMED Project. The Congress of Business & Economics is an organization that represents the interests of Indian businesspersons in Gauteng Province.

During January, Mr. Mashegena also met with the Mpumalanga Investment Initiative (MII), and attended the Gautrain Rapid Rail Link Open Day at the Sandton Convention Center. The meeting with MII was held to discuss SME participation in a forthcoming workshop organized by the Dutch Trade Mission to South Africa to facilitate joint ventures between South African and Dutch companies. Attendance at the Gautrain Open Day identified and explored business opportunities for SMEs in the construction of the modern rapid railway line that will connect Pretoria, Johannesburg and the Johannesburg International Airport.

### **Profitable Product Lines Developed/Enhanced**

During the 2<sup>nd</sup> Quarter, FY'02, the SEMED Project helped introduce three (3) new products to clients' businesses. Details are provided below.

<b>Name</b>	<b>Product</b>	<b>Innovation/Development</b>
Edmund Airtime Solutions	Pre-paid cellular telephone cards	New product
Tshiawelo Chicken Supply	Offal Cattle hooves	New product New product

### **Markets Established with Larger Entities**

SEMED Project staff established five (5) markets with larger entities on behalf of Project clients. Details are provided below.

<b>Client Name</b>	<b>Large Entity</b>	<b>Market Activity</b>
Mmabatho Estates	Tshwane Metropolitan Council	Supply hydroponic tomatoes for the Pretoria Fresh Produce Market
Rematla Earthworks	Gauteng Department of Transportation & Public Works	Road rehabilitation
S&M Accommodation	Telkom	Purchase of business premises
Tshwane Electrical Supplies	Transnet Ltd.	Supply electrical wiring
Tshwane Electrical Supplies	Tshwane Metropolitan Council	Supply electricity meters

### **2.2.2 I.R.5.1.2 Enhanced SMME Capacity to Respond to Markets**

The SEMED Project focuses on three (3) activities that enhance SMME capacity to respond to market opportunities: 1) Providing entrepreneurs with business skills training; 2) Transfer of value-added technology to entrepreneurs; and, 3) Facilitating privatization of public enterprises.

### **Entrepreneurship and Business Skills Strengthened**

The SEMED Project's Business and Entrepreneurship Skills Training Program uses two (2) methodologies: 1) learning by listening, which uses radio soap opera to teach business and

entrepreneurial skills; and, 2) learning by doing, which teaches business skills by linking SMMEs to professional business service providers, including EM&I staff. An example is when SEMED Project clients learn proper accounting procedures through hands-on experience with accepted accounting systems provided by professional accountants.

***Learning by Listening:*** This approach centers around the radio soap opera, “Tycoon” Business Adventures, a micro-entrepreneurial business skills training program, which was developed by EM&I’s Directors, during their management from October 1996 to December 1999 of the VITA/Micro-Enterprise Support Project (VITA/MSP), a USAID/South Africa-funded Micro-Enterprise Loan project. The Tycoon Business Adventure series comprises twelve (12) eleven to fifteen minute Tycoon radio dramas, twelve (12) five-minute Tycoon talk shows and twelve (12) approximately thirty-five minute Tycoon phone-in business programs. An expert small, medium and micro-enterprise (SMME) Business Consultant participates in each of the five-minute Tycoon talk shows and thirty-five minute Tycoon phone-in business programs, in an instructional and advisory role. Their aim is to help listeners improve their business management skills and promote an entrepreneurial culture among the historically disadvantaged community, especially women. The business consultant will use Setswana as a medium of communication during the entire program, except when Setswana business terminology is underdeveloped or doesn't exist.

In order to make the “Tycoon” Business Adventures series attractive, a one thousand Rand (R1,000) prize will be awarded to one listener who calls-in during the program, starting from episode #2 through to episode #12, on the basis of the quality of the caller's contribution to the Tycoon program. The announcement will be made at the end of the following Tycoon episode. The EM&I representative, the appointed SMME Business Consultant and the radio station host/presenter will decide which caller will be awarded the prize money. EM&I will have a veto on the selections. Decision to prevent abuse or conflict of interest.

During the 2<sup>nd</sup> Quarter, FY '02, SEMED Project staff continued negotiations with Mr. Pagel Kgaswe, Program Manager, Motswedding FM, a radio station with a 1,700,000 daily audience, which covers Northwest and Gauteng Provinces, as well as some parts of Limpopo Province, Northern Cape and Free State. On March 12 2002, Mr. Kgaswe agreed to commence Tycoon broadcasts on May 7, from 21:00-22:00 (9:00-10:00 pm). Due to Motswedding FM's slow response to supply the Tycoon Radio Program broadcast contract, the program start date was postponed by one (1) month, until June 4, 2002. A meeting has been scheduled for May 6, to sign the contract with Motswedding FM, and to interview a number of experienced business consultants for the radio talk show.

***Learning by Doing:*** Business skills are also taught while guiding clients through the process of negotiating business deals or developing Business Plans, Feasibility Studies, Market Studies, internal control procedures, financial controls and accessing finance from relevant sources. Each SEMED Project client receives training in one or more of these areas. SEMED client details and their strengthened skills are included in Appendix 2.

### **Value-Added Technology Transfers**

The enterprises that the SEMED Project assisted during the 2<sup>nd</sup> Quarter, FY'02, did not have a strong need to improve their technology. Consequently, no value-added technology transfers took place during the 2<sup>nd</sup> Quarter, yielding slightly less progress towards the annual target than anticipated. Forty percent (40%) of the value-added technology transfer annual goal has been achieved.

When the SEMED Project was designed, it was assumed that most SMMEs would have a low level of technology and that their businesses would benefit from technological improvements.

Frequently this has proved not to be the case. Not all SMMEs require improved technology to improve their businesses.

### **Privatization of Public Enterprises**

During the 2<sup>nd</sup> Quarter, FY'02, SEMED staff helped one (1) client benefit from the privatization of public enterprises. Additional details are provided in Appendix 1.

### **2.2.3 I.R.5.1.3 Increased SMME Access to Finance**

During the 2<sup>nd</sup> Quarter, FY'02, fifteen (15) SEMED client loans were approved, five (5) by traditional banks and another ten (10) by non-traditional financial intermediaries. This access to finance facilitated sixty (60) job opportunities during the 2<sup>nd</sup> Quarter. An additional twelve (12) applications are pending with various institutions. A list of submitted loan applications is provided in Appendix 3.

**2<sup>nd</sup> Tier and Non-Traditional Financial Intermediaries:** During the 2<sup>nd</sup> Quarter, FY'02, SEMED staff facilitated access to finance for ten (10) clients from non-traditional financial intermediaries. This forms part of SEMED's innovative approach to access to finance for SMMEs, and is included in the total amount of finance accessed by SMMEs. The SEMED Project has developed innovative approaches to access finance for historically disadvantaged micro-entrepreneurs from non-traditional sources, as follows:

- EM&I convinced suppliers to provide short-term credit to the SEMED Project's micro-enterprise clients. SEMED staff assisted their clients to access corporate business deals in profitable markets.
- Equipment suppliers agreed to provide long-term credit to SEMED micro-enterprise clients.
- The SEMED Project established successful relationships with private investors to make three-month bridge loans to fund clients' working capital requirements.
- The SEMED Project facilitated the formation of joint ventures (JVs) between historically disadvantaged micro-entrepreneurs and established white-owned enterprises. This allows clients to benefit from the existing capital equipment and working capital of the new partners. In addition, micro-entrepreneurs acquire "hands-on" experience from their white partners in real-life working environments.
- The SEMED Project accessed finance on behalf of its clients by leveraging commercial subsidies from government departments and/or parastatals.

**Traditional Sources of Finance:** Although SEMED Project staff continued to maintain relationships with traditional financial institutions, including regular telephone calls and meetings to encourage banks to move forward on clients' loan applications, during this 2<sup>nd</sup> Quarter, FY'02, efforts increasingly focused on alternative sources of SMME finance. Project staff became adept at finding additional avenues for accessing finance (i.e., supplier credit), and at helping businesses find ways of curbing their demand for money (i.e., avoid granting customers credit, and when credit is granted, improve debt collection and monitoring and purchase second-hand, rather than new equipment).

During the 2<sup>nd</sup> Quarter, five (5) loans from traditional financial intermediaries were approved and disbursed to SEMED clients. Details are listed below.

<b>APPROVED &amp; DISBURSED LOANS</b>				
<b>Name</b>	<b>Amount (R)</b>		<b>Source</b>	<b>Purpose</b>
	<b>Male</b>	<b>Female</b>		
A&N Construction	68,000	0	African Bank	Working capital to complete housing development projects in Potchefstroom.
BJM Transport	120,000	0	FNB	Purchase water tanker & tipper truck.
Diepkloof Laundry	0	16,000	African Bank	Purchase 2 Speed Queen washers and 2 Speed Queen driers.
Mma. B. Communications	0	60,000	Standard Bank	Purchase 4 Vodacom containerized phone shops
Platinum Gloves Promotions	40,000	0	Standard Bank	Working capital to host the South African Mini Flyweight Championship.
<b>TOTAL</b>	<b>228,000</b>	<b>R76,000</b>		

The SEMED Project tracks loan applications submitted to financial institutions and which are pending approval or rejection, as loans in the pipeline. This pipeline currently totals R59,234,000. Given the Project's performance thus far, it is expected that financial institutions will approve 40% of these loans.

### **Loan Applications In Preparation**

Twenty (20) loan applications are in the process of preparation for submission to financial institutions. Banks require SMMEs to present their loan applications together with a business plan, in order to be favorably considered. If SMMEs are deemed profitable, SEMED Project staff will commence the process of accessing finance on their behalf. A list of loan applications in preparation is provided in Appendix 3.

### **Withdrawn/Rejected Loan Applications**

During the 2<sup>nd</sup> Quarter, twelve (12) applications for finance were either withdrawn by the SEMED Project or rejected by financial institutions. Details are listed in Appendix 3.

## **2.3 HIV/AIDS Intervention**

The SEMED Project has increased HIV/AIDS awareness among the large number of historically disadvantaged employees working in SMMEs in Gauteng Province. This preventive intervention helps to reduce the incidence of HIV/AIDS and its devastating impact on business survivability due to the loss of key personnel.

The Department of Health continued to donate brochures, posters and condoms for this campaign. During 2<sup>nd</sup> Quarter, FY '02, SEMED Project staff provided HIV/AIDS education to twenty-eight (28) entrepreneurs (16 males and 12 females) and two hundred and nineteen (219) employees (121 males and 98 females), yielding a total of four hundred and fifty-seven (457) beneficiaries (253 males and 204 females) who have received HIV/AIDS education during FY '02. During the reporting period, a total of two thousand eight hundred (2,800) condoms were distributed, bringing this financial year's cumulative total to four thousand one hundred (4,100).

## **2.4 Constraints and Solutions**

Accessing finance on behalf of SMMEs through commercial banks has become very difficult, due to the commercial banks' reluctance to do business with micro-enterprises because of

their perceived high-risk. The time taken by banks to consider and approve loan applications has added to this difficulty. On average banks are taking a minimum of three (3) months to process an SMME's loan application. While SEMED staff has overcome some of these difficulties by developing good working relationships with bank credit managers and by persistent post-submission follow-up with the banks in an attempt to speed up the process, the constraint remains a present and worsening challenge to SMMEs accessing needed capital.

SEMED staff has continued their innovative approach to assist clients to access funds from non-traditional sources. New methods of accessing finance include establishing lines of credit with suppliers, arranging for equipment suppliers to carry the loans for the purchase of equipment on their books, and obtaining bridge loan facilities from private financiers on short-term contracts, against cession of payments (to serve as collateral). Seeking these alternative means to access finance has proven highly successful, as results from this 2<sup>nd</sup> Quarter show.

A second constraint experienced in the area of access to finance has been the small size of loans required by micro-enterprises (generally R10,000 - R150,000). Since seventy-six percent (76%) of the SEMED Project's client base is micro-enterprises, achieving the high target value listed for Accessed Finance has proven challenging. In order to increase this value, SEMED staff currently facilitates larger loans on behalf of several small- and medium-scale businesses.

## **2.5 Performance Indicators**

Overall project performance has been good. One half (50%) or more of target values have been achieved in the following performance indicators for which targets were set (Number of Employment Opportunities Generated at 49%, Value of Business Transactions at 64%, Number of Profitable Product Lined Developed/Enhanced at 50%, and Number of Entities Accessing Finance at 81%). Several other indicators were just below the 50% mark (Value of Finance Accessed at 47%, Percentage of Business Transactions that Involve Women at 40%, and Number of Value-Added Technology Transfers at 40%).

Several indicators show lower-than-expected performance. Although higher than expected Value of Business Transactions and Markets Identified were achieved, the Number of Business Transactions and Markets Identified are slightly low. Because high value targets were set for the SEMED Project, staff members focused on large deals, which take longer to facilitate, and detract from the time spent on micro-enterprise deals. During the remaining period on the SEMED Project, the staff will focus their efforts on micro-enterprises, which will increase the number of business transactions.

The broadcast of the "Tycoon" Business Adventures business skills training program is scheduled to commence in June 2002. Once the program is broadcast, the targets for Number of Entrepreneurs Receiving Business Skills Training and Number of Entrepreneur Hours of Business Training will be exceeded in the 3<sup>rd</sup> and 4<sup>th</sup> Quarters, FY'02.

In the reporting period, SEMED Project staff concentrated on SMME-to-SMME markets, at the cost of SMME-to-Large Enterprises. This bias will be corrected in the next quarters and more SMME-to-Large Entities markets will be pursued. It takes time to conclude SMME-to-Large Entities market deals. For example, the SEMED Project has been waiting to receive the results of a R10,000,000 tender submitted by its client to ISCOR in December 2001.

The Privatization of Public Enterprises by the South African government has been very slow in 2<sup>nd</sup> Quarter, FY'02, and this has impacted negatively on the SEMED Projects'

performance on this indicator. However, recent indications are that the pace of privatization has picked-up and the SEMED Project expects to do more deals in this area in the next reporting periods.

Despite problems with financial institutions, performance in relation to accessing finance has either been on-target or has exceeded target values. In addition, the loan application pipeline stands at over R59,000,000, a value more than double the target value. Based on recent performance, it is expected that 40% of these pipeline loans will be approved.

## **2.6 Projected 2<sup>nd</sup> Quarter, FY '02 Activities**

Detailed month-by-month activities are included in Appendix 4.

**SEMED Project Performance Indicators - Second Quarter '02 (January 1 - March 31, 2002)**

Performance Indicator		Second Quarter Results		Cummulative FY '02 Results		FY '02 Project Targets	
		Achieved	% Female	Achieved	% Female	Target	Achieved
<b>SO.5 Increased Market-Driven Employment Opportunities in the Small, Medium &amp; Microenterprise sector</b>							
	Number of Employment Opportunities Generated	175.46	47%	352.46	47%	720	49%
<b>IR.5.1 Increased Growth of Existing SMMEs</b>							
5.1.a	Number of Business Transactions	51	53%	102	40%	300	34%
5.1.b	Percentage of Business Transactions that Involve Women	53%		40%		50%	
5.1.c	Value of Business Transactions (Rand)	R 36,038,953	36%	R 51,689,238	29%	R 81,000,000	64%
<b>IR.5.1.1 Markets for SMME Employment Growth Identified</b>							
5.1.1a	Number of Markets Identified	35	51%	72	36%	250	29%
	Value of Markets Identified (Rand)	R 28,935,682	22%	R 36,256,237	21%	NTS	
5.1.1b	Number of Profitable Product Lines Developed/Enhanced	3	0%	8	25%	16	50%
5.1.1c	Number of Markets Established with Larger Entities	5	40%	14	29%	60	23%
<b>IR.5.1.2 SMME Capacity to Respond to Market Opportunities Enhanced</b>							
5.1.2a	Number of Entrepreneurs Receiving Business Training	33	61%	38	58%	10,000	0%
5.1.2b	Number of Entrepreneur Hours of Business Training	182	47%	214	46%	120,000	0%
5.1.2c	Number of Value-Added Technology Transfers	0	0%	8	25%	20	40%
5.1.2d	Number of Privatized Public Enterprises	1	100%	1	100%	25	4%
5.1.2e	Value of Privatized Public Enterprises (Rand)	R 6,000,000	100%	R 6,000,000	100%	R 25,000,000	24%
<b>IR.5.1.3 SMME Access to Finance Increased</b>							
5.1.3a	Number of Entities Accessing Finance	15	53%	29	48%	36	81%
5.1.3b	Value of Finance Accessed (Rand)	R 1,103,271	72%	R 9,433,001	14%	R 20,000,000	47%
<b>HIV/AIDS Prevention</b>							
HIV 1	Number of People who Received HIV/AIDS Education	247	45%	457	45%	NTS	
HIV 2	Number of Condoms Distributed	2,800	43%	4,100	44%	NTS	
NTS = No Target Set							

## **3.0 PROJECT MANAGEMENT**

During the 2<sup>nd</sup> Quarter, FY '02, Project Administration activities were normal, ensuring that staff motivation was upheld. The SEMED Project Performance Monitoring Plan (PMP) was developed and submitted to USAID/South Africa on March 26, 2002. Details are provided below.

### **3.1 Administration**

#### **Staffing**

During the reporting period, all SEMED Project staff, except one (1), received an annual salary increase (as he did not complete one full year with the project).

Annual leave of two (2) SEMED Project staff members, Ms. Estelle Muller, Business Training Manager, and Mr. Albert Mashegana, Business Linkages Officer, extended into the first week of January 2002. By the second week of January, all six (6) staff members were back at work. During the last week of March, Mr. Willie Höll, SEMED Project Chief-of-Party took five (5) days of annual leave.

On January 30, 2002, Ms. Muller's employment contract was extended until the SEMED Project's ending date of October 15, 2002. The recent devaluation of the Rand created enough budget surplus to allow funds for this extension.

#### **Project Vehicles**

On March 7, 2002, SEMED Project vehicle LXF652GP was sent for its 30,000 km. service.

#### **SEMED Project Performance Monitoring Plan**

During January 2002, SEMED Project staff contracted with Mr. Alan Brown, EM&I's Performance Monitoring and Evaluation Specialist, to design the SEMED Project Performance Monitoring Plan (PMP). Work on this plan commenced on February 15<sup>th</sup>. On February 25, 2002, Mr. Brown held a workshop with all SEMED staff to present and receive feedback on the draft PMP. The draft SEMED Project PMP was presented to USAID/South Africa on March 5<sup>th</sup>, for its input and amendment, and the final PMP was delivered to USAID/South Africa on March 26<sup>th</sup> for acceptance. Approval of the SEMED Project PMP was received on April 5<sup>th</sup>, and its format was used to prepare this report.

#### **SEMED Project Extension**

On January 22, 2002, Mr. Bill Brands, Team Leader, SO5, USAID/South Africa, invited EM&I to submit a written proposal for the extension of the SEMED Project for FY '03 and '04. The proposal, entitled SEMED II Project, was submitted to SO5 on February 13, 2002, and the decision will be made in the next quarter. The SEMED II proposal is intended to expand Project activities to KwaZulu-Natal and Limpopo Province, which will significantly increase project outreach.

## 3.2 Coordination

During 2<sup>nd</sup> Quarter, FY'02, fourteen (14) coordination meetings were held between USAID/South Africa, EM&I and SEMED Project staff. Details are provided in the table below.

Date	Parties Involved	Purpose/Outcomes
1/8/02	Mr. Michael Klesh, Project Officer, SO5, USAID/South Africa, Mr. Simon Aphane, Managing Director, EM&I, Mr. Allan Brown, Monitoring & Evaluation Specialist, EM&I, Mr. Willie Höll, Chief-of-Party, SEMED Project	Inspect SEMED Project client files
1/9/02	Mr. Willie Höll, Chief-of-Party, SEMED Project, Global Technology Network (GTN) Africa Conference delegates	Presenting services offered by the SEMED Project
1/17/02	Mr. Michael Klesh, Project Officer, SO5, USAID/South Africa, Mr. Simon Aphane, Managing Director, EM&I, Mr. Allan Brown, Monitoring & Evaluation Specialist, EM&I, Mr. Willie Höll, Chief-of-Party, SEMED Project	Explanation of SEMED Project Performance Indicators and presentation of flowchart documentation.
1/22/02	Mr. Simon Aphane, Managing Director, EM&I, Mr. Willie Höll, Chief-of-Party, SEMED Project, Mr. Allan Brown, Monitoring & Evaluation Specialist, EM&I and Mr. Bill Brands, Head SO5, USAID/South Africa	Presentation of SEMED Project progress and performance. Clarification of Project Performance Indicators. Mr. Brands asked EM&I to submit a proposal for the extension of SEMED II Project to FY '03 and '04.
2/1/02	Mr. Simon Aphane, Managing Director, EM&I, Mr. Willie Höll, Chief-of-Party, SEMED Project, Mr. Michael Klesh, Project Officer, SO5, USAID/South Africa, Mr. Dirk Dijkerman, Mission Director, USAID/South Africa	Present the SEMED Project 1 <sup>st</sup> Quarterly Report, FY '02, and a framed "Tycoon" Grow-Your-Business poster.
2/8/02	Mr. Willie Höll, Chief-of-Party, SEMED Project, Mr. Bill Brands, Head SO5, USAID/South Africa, Mr. Michael Klesh, Project Officer, SO5, USAID/South Africa	Present SEMED Project Monthly Progress Report #4 (January 2002).
2/13/02	Mr. Simon Aphane, Managing Director, EM&I, Mr. Willie Höll, Chief-of-Party, SEMED Project, Mr. Bill Brands, Head SO5, USAID/South Africa	Deliver the SEMED II Project Proposal.
2/14/02	Mr. Willie Höll, Chief-of-Party, SEMED Project, Ms. Katherine McKee, Director, Office of Micro Enterprise Development, USAID/Washington	Present the SEMED Project methodology to provide business development services to the micro-enterprise sector.
2/21/02	Ms. Katherine McKee, Director, Office of Micro Enterprise Development, Mr. Bill Brands, Head SO5, USAID/South Africa, Mr. Simon Aphane, Managing Director, EM&I, Mr. Willie Höll, Chief-of-Party, SEMED Project, Mr. Jaime Reibel, Chief-of-Party, AGRILINK II Project, Ms. Armin Sethna, Country Director, Ntinga/World Education, Mr. Godfrey Khuvutlu, Business Linkages Manager, SEMED Project	Workshop to discuss outreach of business development services to the micro-enterprise sector, the methods used by these USAID contractors, and possible areas for synergy and collaboration.

2/22/02	Ms. Katherine McKee, Director, Office of Micro Enterprise Development and SEMED Project clients in the Soweto area	SEMED staff arranged a tour for Ms. McKee of Project clients in the Soweto area, allowing her to experience first-hand the Project's outreach to urban township and survivalist business clients.
3/5/02	Mr. Simon Aphane, Managing Director, EM&I, Mr. Willie Höll, Chief-of-Party, SEMED Project, Mr. Bill Brands, Head SO5, USAID/South Africa, Mr. Michael Klesh, Project Officer, SO5, USAID/South Africa, Ms. Nokuzola Mamabolo, Performance Monitoring and Evaluation Specialist, USAID/South Africa	Present the first draft SEMED Project Performance Monitoring Plan (PMP)
3/8/02	Mr. Dorvin Stockdale, Senior Agricultural Officer, USAID/South Africa, Mr. Joel Kolker, SO5 Team Leader, USAID/South Africa (as of June), SEMED Project staff	Introduce Mr. Kolker to SEMED Project staff.
3/20/02	Mr. Simon Aphane, Managing Director, EM&I, Mr. Allan Brown, Monitoring & Evaluation Specialist, EM&I, Mr. Willie Höll, Chief-of-Party, SEMED Project, Mr. Bill Brands, Head SO5, USAID/South Africa, Mr. Michael Klesh, Project Officer, SO5, USAID/South Africa, Ms. Nokuzola Mamabolo, Performance Monitoring and Evaluation Specialist, USAID/South Africa	Discuss PMP changes.
3/26/02	Mr. Simon Aphane, Managing Director, EM&I, Mr. Allan Brown, Monitoring & Evaluation Specialist, EM&I, Mr. Willie Höll, Chief-of-Party, SEMED Project, Mr. Bill Brands, Head of SO5, USAID/South Africa, Mr. Michael Klesh, Project Officer, SO5, USAID/South Africa, Ms. Nokuzola Mamabolo, Performance Monitoring and Evaluation Specialist, USAID/South Africa	Present completed PMP.

### 3.3 Financial Statements

Tables that follow include: a) the Quarterly Financial Summary, 2<sup>nd</sup> Quarter, FY '02, for the entire SEMED Project, broken-down by major line-item; and, b) Major Project Activities Level of Effort Table, which includes the amount of money and person months expended and a measurement of each project activity as a percentage of the total number of person months worked during the Quarter, as well as who performed the work.

On July 16, 2001, the original SEMED Project grant was extended for a further year, from October 16, 2001 to October 15, 2002. The original grant budget was increased by \$471,000, from \$750,000 to \$1,221,000

Out of the \$471,000 awarded to the SEMED Project in FY'02, \$92,779 (20%) was spent during the 2<sup>nd</sup> Quarter. This brings cumulative FY '02 spending to \$210,911, or 45% of FY '02 funds, which represents 17% of the total project budget of \$1,221,000.





**APPENDICES:**

- 1. Markets for SMME Employment Growth Identified**
- 2. SMME Capacity to Respond to Market Opportunities Enhanced**
- 3. SMME Access to Finance Increased**
- 4. Proposed Activities for the 3<sup>rd</sup> Quarter, FY'02**

## **APPENDIX 1: MARKETS FOR SMMES IDENTIFIED AND DEVELOPED**

### **1. Mr. John Khumalo, Green Valley Landscaping CC**

*Date: January 4, 2002*

Mr. Khumalo's business, Green Valley Landscaping, has benefited from SEMED Project assistance on several occasions since becoming a project client in 2001. During this 2<sup>nd</sup> Quarter, FY'02, SEMED staff facilitated a R9,896 contract for Green Valley from Pro-Admin Corp, to pave an up-market residential cluster complex in Bedfordview. Pro-Admin Corp is a white-owned property development company, from which SEMED staff also won a contract for Green Valley Landscaping during 1st Quarter, FY '02.

**Markets Identified:** (Total = 2; Male = 2; Female = 0)

**SMME Involving Women:** No

**Employment Opportunities Facilitated:** (Total = 1; Male = 1; Female = 0)

**Market Value:** R9,896

### **2. Ms. Thandi Mazibuko, Diepkloof Laundry**

*Date: January 4, 2002*

Ms. Mazibuko runs a small laundry business in Diepkloof, near the Baragwanath Hospital. In order to improve her business, SEMED staff linked Ms. Mazibuko with Mr. Fred Henk, Owner/Manager of Appliance and Hi-Fi, in Krugersdorp. Mr. Henk imports and distributes American appliances. Ms. Mazibuko purchased two (2) Speed Queen washing machines and two (2) Speed Queen driers from Mr. Henk. These machines will not only increase the capacity of Ms. Mazibuko's laundry business, but will also improve the quality of its service.

**Markets Identified:** (Total = 2; Male = 0; Female = 2)

**SMME Involving Women:** Yes

**Market Value:** R16,000

### **3. Mr. Abe Sithlangu, Tshwane Electrical Supplies**

*Date: January 5, 2002*

Formed and registered in September 2002, Tshwane Electrical Supplies is a relatively new electrical accessory wholesaler, based in Tshwane (Pretoria). SEMED staff facilitated a two-year (2) contract for Tshwane Electrical Supplies to supply electrical wiring to Transnet Limited, the transportation parastatal, of which Spoornet, Portnet and Autonet, etc., are subdivisions. This contract is valued at R2,800,000 and represents Tshwane Electrical Supplies' first corporate client.

SEMED staff also facilitated an R1,200,000 tender from the Tshwane Metropolitan Council for Tshwane Electrical Supplies to supply and deliver one thousand three hundred and fifty (1,350) outdoor, three-phase, low voltage, pole-mounted distribution boxes for split-type prepayment meters over a period of one (1) year. This tender was awarded on February 12<sup>th</sup>.

**Markets Identified:** (Total = 2; Male = 2; Female = 0)

**Markets Established with Large Entities:** (Total = 2; Male = 2; Female = 0)

**SMME Involving Women:** No

**Employment Opportunities Facilitated:** (Total = 5; Male = 2; Female = 3)

**Market Value:** R4,000,000

**4. Ms. Dinah Aphane, Mmabatho Estate CC**

*Date: January 7, 2002*

Ms. Aphane grows vegetables on her land in Haakdoringboom, Pretoria North, which she sells to Spar supermarkets. During FY '01, she wanted to develop hydroponic facilities on her land, something SEMED staff helped her accomplish. This quarter Project staff helped her secure markets for her hydroponic vegetables, linking her with Mr. Simon Mogale, Sales Manager, Pretoria Fresh Produce Market, a business operated by the Tshwane (Pretoria) Metropolitan Council. Mr. Mogale agreed to purchase all Mmabatho Estate's Grade A and Grade B tomatoes at a price of R15 per box. The first five hundred and forty two (542) boxes of tomatoes, worth R8,130, were delivered to Pretoria Fresh Produce Market on January 8<sup>th</sup>. The total value of this contract is estimated at R120,000, or four thousand (4,000) boxes of tomatoes in two (2) production cycles of four (4) months each.

SEMED staff also linked Ms. Aphane with Mr. Nhlanhla Makhubedu and Ms. Nomvula Sheshe, hawkers who sell fresh produce in Soshanguve and Ga-Rankuwa, North of Tshwane (Pretoria), respectively. They will purchase two hundred and forty (240) boxes of tomatoes per month from Ms. Aphane, valued at R21,600 over the next six (6) months.

**Markets Identified:** (Total = 5; Male = 0; Female = 5)

**Markets Established with Large Entities:** (Total = 1; Male = 0; Female = 1)

**SMME Involving Women:** Yes

**Employment Opportunities Facilitated:** (Total = 4; Male = 1; Female = 3)

**Market Value:** R141,600

**5. Mr. August Mogale, Edmund Airtime Solutions**

*Date: January 7, 2002*

Mr. Mogale ran a small business selling ice cream in Verena, a rural settlement in Mpumalanga. In order to help him expand his business, SEMED staff linked Mr. Mogale with LA Enterprises, a wholesale distributor of pre-paid cellular telephone cards. Mr. Mogale purchased a 1-year supply contract from LA Enterprises at a cost of R12,500.

**Markets Identified:** (Total = 2; Male = 2; Female = 0)

**SMME Involving Women:** No

**Employment Opportunities Facilitated:** (Total = 2; Male = 2; Female = 0)

**Market Value:** R12,500

**6. Ms. Joyce Majozi, Trainsure Developments CC**

*Date: January 16, 2002*

During the 2<sup>nd</sup> Quarter, FY '02, SEMED staff won a second training contract from Logista Human Resources (Pty) Ltd. for Trainsure Developments. This contract,

valued at R25,900, is to provide forklift, truck operator, occupational health and safety and anti-hijacking training to thirteen (13) persons.

SEMED staff also linked Trainsure with Action Ads, a company who designed a telephone directory cover containing thirty-six (36) advertisement spaces. Project staff secured one (1) of these spaces on the 2002 telephone directory for Trainsure, at a cost of R2,250.

**Markets Identified:** (Total = 4; Male = 0; Female = 4)

**SMME Involving Women:** Yes

**Employment Opportunities Facilitated:** (Total = 6; Male = 2; Female = 4)

**Market Value:** R28,150

#### 7. Ms. Esther Sethuga, S&M Accommodation CC

*Date: January 17, 2002*

Ms. Sethuga runs a residence for students of Technikon North West, Technikon Northern Gauteng, and Soshongu Technical College. She currently rents her business premises from Telkom, but would like to purchase the building to improve her profit. SEMED staff linked Ms. Sethuga with Mr. Francois Botes, a valuator for PropNet Valuers CC. Mr. Botes provided Ms. Sethuga with a valuation on the building she rents from Telkom. For this service, Ms. Sethuga paid R4,200.

On March 28<sup>th</sup>, Telkom approved the R6,000,000 bid submitted by Ms. Sethuga to purchase her business premises.

**Markets Identified:** (Total = 3; Male = 0; Female = 3)

**Markets Established with Large Entities:** (Total = 1; Male = 0; Female = 1)

**Privatizations of Public Enterprises:** (Total = 1; Male = 1; Female = 1)

**SMME Involving Women:** Yes

**Employment Opportunities Facilitated:** (Total = 20; Male = 6; Female = 14)

**Market Value:** R6,004,200

**Privatization Value:** R6,000,000

#### 9. Ms. Gladys Mahlangu, Mahlangu Crafts CC

*Date: March 5, 2002*

Ms. Mahlangu makes African dolls, wooden giraffes and beadwork, which she sells at craft markets. SEMED staff linked Ms. Mahlangu with the Gekoteek Curio Shop, located in the Midrand Protea Hotel. Gekoteek purchased R34,580 worth of Ms. Mahlangu's African dolls to sell to tourists using the hotels facilities. These dolls make excellent souvenirs for international travelers, as they are easy to transport.

**Markets Identified:** (Total = 2; Male = 0; Female = 2)

**SMME Involving Women:** Yes

**Employment Opportunities Facilitated:** (Total = 12; Male = 0; Female = 12)

**Market Value:** R34,580

**10. Mr. Petrus Sirovha, Tshiawelo Chicken Supply**

*Date: March 13, 2002*

Mr. Sirovha sells pre-packaged chicken pieces to the public through direct selling and via twenty-four (24) commission agents. SEMED staff helped Mr. Sirovha expand his current product range by adding offal and cattle hooves as new products that compliment his existing chicken products. Project staff linked Mr. Sirovha with Country Meats, from which he purchased R7,000 worth of offal and cattle hooves.

**Markets Identified:** (Total = 2; Male = 2; Female = 0)

**SMME Involving Women:** No

**Employment Opportunities Facilitated:** (Total = 20; Male = 15; Female = 5)

**Market Value:** R7,000

**11. Mr. Mike Mogomane, Re-Matla Earthworks (Pty) Ltd.**

*Date: March 15, 2002*

Re-Matla Earthwork is a small landscaping and construction contracting company. When the Gauteng Department of Transportation and Public Works offered a tender for the rehabilitation of twenty-seven (27) kilometers of road P66-1, located in Blue Hills, Re-Matla wanted to bid for the contract. However, by itself, it did not possess the necessary equipment, nor did it have access to the amount of finance needed to execute such a large contract. SEMED staff facilitated the formation of a joint venture between Re-Matla, Patula Construction (Pty) Ltd. and D.E. Developers and Estate Agency in order to increase the chances of success on the Blue Hills tender. This new joint venture was called PDR Joint Venture. The Blue Hills tender contract, valued at R13,637,600, was awarded to PDR Joint Venture.

**Markets Identified:** (Total = 7; Male = 7; Female = 0)

**Markets Established with Large Entities:** (Total = 1; Male = 1; Female = 0)

**SMME Involving Women:** No

**Employment Opportunities Facilitated:** (Total = 30; Male = 28; Female = 2)

**Market Value:** R18,637,600

**12. Mr. Mafeno Phora, Creativ Motiv (Pty) Ltd.**

*Date: March 15, 2002*

Launched in 1998, Creative Motiv is a small advertising agency that serves its local business community. Mr. Phora would like to expand his business and win contracts from larger companies and parastatals. SEMED staff linked Mr. Phora with Anavisi Communication CC. Anavisi is organizing a workshop on Capital Gains Tax, that will be held at the Sandton Convention Center in May 2002. SEMED staff helped Creativ Motiv win a contract from Anavisi to advertise this workshop and assist with the invitation of delegates. The contract is worth R10,000.

**Markets Identified:** (Total = 2; Male = 0; Female = 2)

**SMME Involving Women:** Yes

**Employment Opportunities Facilitated:** (Total = 6; Male = 2; Female = 4)

**Market Value:** R10,000

**13. Mr. Dumisani Hlongwane, Dumi Distributors**

*Date: March 20, 2002*

Dumi Distributors sells fast-moving consumer goods, such as groceries and cleaning supplies. In order to help Mr. Hlongwane expand his business, SEMED staff linked him with Fortis Foods (Pty) Ltd., manufacturers of soy products, such as flavored milk, power meal, and soy mince. Dumi Distributors purchased R22,000 worth of Fortis Foods' soy products to distribute in the Soweto area.

**Markets Identified:** (Total = 2; Male = 2; Female = 0)

**SMME Involving Women:** No

**Employment Opportunities Facilitated:** (Total = 9; Male = 9; Female = 0)

**Market Value:** R22,000

#### **14. Ms. Caroline Marite, Chicken 'O Thibo Touch**

*Date: On-going*

Telkom recently launched containerized public telephones, called Khuluma containers, in direct competition with Vodacom and MTN containerized public cell phones. The Khuluma container consists of five coin-operated and five-card system telephones and costs R30,000 (US\$3,102). During the 1<sup>st</sup> Quarter, FY '02, SEMED staff linked Ms. Marite with Telkom, and facilitated her receiving the first of these containers free of charge. Ms. Marite earns 40% commission on calls made from these phones. Her profit from 2<sup>nd</sup> Quarter sales were R12,156.

**SMME Involving Women:** Yes

**Market Value:** R12,156

#### **Pending Market Deals: Summaries**

In addition to the fourteen (14) completed deals listed above, SEMED Project staff are currently in the process of facilitating another seven (7) market deals.

##### **1. Mr. Mafeno Phora, Creativ Motiv CC**

Creativ Motiv is a small advertising company that primarily serves the population in its local community. In addition to the market established with Anavisi reported above, SEMED staff also helped Creativ Motiv bid on a tender put out by Pikitup, a private company contracted by the Johannesburg Metropolitan Council to provide clean-up services. The tender, worth R2,500,000, is to provide advertising on litterbins. As yet the tender has not been awarded.

##### **2. Mr. Oupa Masilo, Earthly Creations CC**

Earthly Creations is a furniture manufacturer based in Randburg. During the 2<sup>nd</sup> Quarter, FY'02, SEMED staff helped Mr. Masilo register as an approved service provider with Propnet, a subsidiary of Transnet. Furniture quotations valued at R92,424 have been provided to Propnet, which is expected to place its order for furniture from Earthly Creations during April.

##### **3. Mr. Les Clarke, Ithuthe Tswelopele Solutions (Pty) Ltd.**

The State Information Technology Agency (SITA) is offering a tender for the equipping, maintenance and staffing of walk-in information technology skills training centers. These centers will teach various software packages, as well as basic hardware

maintenance skills. Mr. Clarke wants to bid for this tender. SEMED staff are currently helping him prepare the necessary documents and are looking for an appropriate historically disadvantaged business to partner with Mr. Clark on this bid.

**4. Mr. Boy Masoma, Night Eagles Investment CC**

Mr. Masoma runs a retail liquor store in Alexandra, a Township near Johannesburg. Because sales tend to drop during the winter, Mr. Masoma wants to find a business opportunity that will complement his store. He initially asked the SEMED Project to help him access finance to purchase a Grillos franchise. During the loan application process, SEMED staff advised Mr. Masoma to purchase a Steers franchise instead, as market studies showed greater demand for Steers than for Grillos. SEMED applied for a Steers franchise on Mr. Masoma's behalf, and his application has been approved, pending his ability to demonstrate access to the necessary finance. SEMED staff and Mr. Masoma are currently exploring ways to raise the 20% matching finance required for loan approval.

**5. Mr. Daniel Thabe, Phambili Tyres (Pty) Ltd.**

Phambili Tyres retails new tires to and repairs punctures for the general public. Mr. Thabe approached the SEMED Project for assistance in growing his business. SEMED staff are currently helping Mr. Thabe bid for a R10,000 contract to supply the iron and steel manufacturing giant Iscor with tires for its company vehicle fleet. Winning this contract will dramatically increase Phambili Tyres' business volume and stability.

**6. Mr. Richard Mosadi, Sakhimfundo Booksellers CC**

After working for Waltons Stationers for four (4) years and developing his business acumen in the stationery field, Mr. Mosadi opened his own business a year ago. He succeeded in securing a contract from the Gauteng Department of Education to supply stationery to government schools. He has requested that the SEMED Project facilitate a market for him with a large stationery supplier.

**7. Mr. Reuben Musetha, Muse Traditional Garb CC**

Since March 2000, Mr. Musetha has been manufacturing traditional African clothing and selling it locally. As demand for such clothing is increasing, Mr. Musetha would like the SEMED Project to help him expand his market. SEMED staff is currently working on linking Mr. Musetha with overseas companies interested in selling traditional African outfits as souvenirs, as well as with domestic clothing retailers and specialty shops.

**Rejected Market Deals: Summaries**

Six (6) previously pending market deals were rejected due to unforeseen problems.

**1. Mr. Seraj Abass, Pro Sports CC**

Pro Sports recently acquired the South African license to manufacture Diadora soccer jerseys and requires assistance in finding a manufacturing partner to produce them. Mr. Abass has linkages in the sportswear market and is confident that a turnover of

one million Rand per year is possible. The SEMED Project identified a manufacturing partner for Mr. Abass - the West Rand Association for the Physically Handicapped - which runs a cut, make and trim factory. Completion of the deal was pending access to the finance required to get the project up and running. Mr. Abass' loan application could not be completed because he failed to produce the required financial statements. Consequently this deal was dropped.

**2. Mr. Grant Hattle, Damani Coffee Estates (Pty) Ltd.**

Damani Coffee Estates would like to form a joint venture with the local community in Venda. It would also like to expand its operations. Mr. Hattle approached the SEMED Project for assistance in facilitating this joint venture and accessing finance. SEMED staff presented the community's business plan and funding proposal to the Industrial Development Corporation (IDC), however, the IDC Board declined the proposal.

**3. Mr. Elias Matjielepoo, Cane Furniture, Wicker & Baskets**

Mr. Matjielepoo opened his cane-furniture manufacturing business approximately six (6) years ago, after working for and learning the trade from another cane furniture manufacturer for a number of years. Currently he sells his furniture to the general public in Alexandra Township. He approached the SEMED Project for assistance to expand his market. SEMED staff began negotiations on Mr. Matjielepoo's behalf with OK Bazaars, Geen & Richards, Ellerines and Furniture City, all large, low-to-mid-market furniture retailers. However the low purchase prices offered by these companies made these markets unviable.

**4. Mr. Antonio Mkhazazi, Skywing (Pty) Ltd.**

Mr. Johan van der Watt, Managing Director of the Highveld Shopping Complex, asked the SEMED Project to help him identify an empowerment investment company that would be interested in forming a joint venture and making the shopping complex an empowerment business. Becoming an empowerment business would enable the shopping center to attract better tenants, as most major retailers prefer to deal with empowerment businesses. Skywing is an empowerment investment company that specializes in acquiring equity in various businesses. Negotiations between the two companies began, but before they could conclude an agreement, the Highveld Shopping Complex was sold to another investment company.

**5. Mr. Simon Moloi, Koplun Development Facilitators**

Mr. Moloi owns forty-six (46) hectares of land he wants to develop into a conference center and day resort to serve the West Rand's lower- and middle-income groups. He has requested SEMED Project help to source used training and office equipment, and to find potential donors for the project. Further examination of this project revealed that it would not be a viable business opportunity, but a grant-based community service project. The deal was dropped.

**6. Mr. Peter Tswidi, TMT Joinery & Woodcraft**

Mr. Tswidi, a qualified cabinetmaker with twelve (12) years of experience,

manufactures display cabinets for various manufacturers of leading hardware and bathroom accessories, such as Cobra Taps. In addition to this showroom display work, he also makes wardrobes, which he sells to the general population in Alexandra. In order to help Mr. Tswidi grow his business, SEMED staff began negotiations on supply contracts with the large low-to-mid-market furniture retailers, OK Bazaars, Geen & Richards, Ellerines and Furniture City. The low purchase prices offered by these companies made these markets unprofitable for Mr. Tswidi.

**APPENDIX 2:  
ENHANCED SMME CAPACITY TO RESPOND TO MARKETS  
– BUSINESS SKILLS TRAINING**

Company	Improved Skills	No. of Trainees		Hours of Training	
		Male	Female	Male	Female
Creativ Motiv	Bidding for tender contracts	2	1	4	4
Earthly Creations	Creating a company marketing profile	1	0	8	0
Edmund Airtime Solutions	Increasing profitability through cheaper stock purchase prices; calculating optimum stock levels	1	0	6	0
Green Valley Landscaping	Telephone and electronic banking	1	0	4	0
Jan Smuts Taxis	Calculating costs for transport contract bids	1	0	4	0
Leratong Bakery	Baking and business skills	0	15	0	8
Medu Landscapes	Opening a business bank account	1	0	4	0
Mmabatho Estates	Developing secure markets	0	1	0	8
R&D Contractors	Bidding on contract tenders	2	0	8	0
Re-matla Earthworks	Interpretation and amendment of joint venture contracts	1	0	16	0
Robot Stop Coffee Shop	Writing business plans	1	1	32	32
S&M Accommodation	Calculating property values for purchase quotes	0	1	0	10
Shuma Waste	Sourcing competent staff	1	0	8	0
Trainsure Developments	Filing Value Added Tax (VAT) Returns Advertising as a marketing strategy	0	1	0	24
Vukani Brickworks	Advantages of property ownership over leasing	1	0	2	0
	<b>TOTAL</b>	<b>13</b>	<b>20</b>	<b>96</b>	<b>86</b>

### APPENDIX 3. INCREASED SMME ACCESS TO FINANCE

ACCESS TO FINANCE THROUGH NON-TRADITIONAL FINANCIAL INTERMEDIARIES				
Name	Amount (R)		Source	Purpose
	Male	Female		
Bongwa Funeral Undertakers	0	8,000	Vaalgro	Working capital.
Clothing Textile & Uniform Supplies	0	57,771	Eskom Foundation	Factory electrification and marketing support.
Green Valley Landscaping	10,000	0	Prispectron Developments	Working capital to execute a landscaping contract.
Jacaranda Trust	0	120,000	Prispectron Developments	Purchase 4 flats in Sunnyside.
Leratong Bakery	0	500,000	Gauteng Dept. of Welfare & Development	Purchase and install bakery equipment.
Leratong Bakery	0	22,500	Gauteng Dept. of Labor	Baking & business skills training courses.
Platinum Gloves Promotions	30,000	0	Prispectron Developments	Working capital to host the South African Mini Flyweight Championship.
Thabo's Restaurant & Pub	15,000	0	Vaalgro	Working capital.
Thuso Public Phones	26,000	0	Mr. Daniel Mabena	Purchase a Vodacom containerized phone shop franchise.
Trainsure Developments	0	10,000	Prispectron Developments	Working capital to execute training contracts.
<b>TOTAL</b>	<b>81,000</b>	<b>R718,271</b>		

EMPLOYMENT OPPORTUNITIES FACILITATED BY ACCESS TO FINANCE			
Name	Male	Female	Total
Mma. B. Communications	0	8	8
Thuso Public Phones	2	0	2
Platinum Gloves Promotions	6	0	6
A&N Construction	4	2	6
Leratong Bakery	2	1	3
Clothing Textile & Uniform Supplies	10	25	35
<b>TOTAL</b>	<b>24</b>	<b>36</b>	<b>60</b>

LOAN APPLICATIONS SUBMITTED				
Name	Source of Funds	Amount (R)		Purpose
		Male	Female	
ALBA International	People's Bank	100,000	0	Working capital.
Batsamai Travel & Tours	People's Bank	0	400,000	Purchase ITA travel license & working capital.
BP Dobsonville	Business Partners	1,200,000	0	Purchase petrol station &

				working capital.
Champion Chemicals & Aerosol Manufacturers	Khethani Business Finance	200,000	0	Purchase & commission an aerosol canning plant.
Earthly Creations	Khethani Business Finance	50,000	0	Purchase stock & renovate business premises.
Fiz Products	Khethani Business Finance	120,000	0	Purchase stock.
Mashimong Bakery	People's Bank	450,000	0	Purchase bakery equipment.
Phambili Tyres	Khethani Business Finance	250,000	0	Purchase stock & working capital.
Taxi-Comm	People's Bank	200,000	0	Working capital.
Tshwane Electrical	Khethani Business Finance	150,000	0	Working capital, & purchase stocks and spares.
Vee See Mee	People's Bank	132,000	0	Establish a new nappy-manufacturing plan.
Wavuma Center	Khethani Business Finance	0	200,000	Purchase business premises.
	<b>TOTAL</b>	<b>2,852,000</b>	<b>R600,000</b>	

<b>LOAN APPLICATIONS IN PREPARATION</b>				
<b>Name</b>	<b>Amount (R)</b>		<b>Purpose</b>	<b>Pending</b>
	<b>Male</b>	<b>Female</b>		
African Soya	33,000,000	0	Build soy processing plant & working capital.	Finding a partner with required technical expertise.
Chips Land	60,000	0	Expansion capital.	Client must prove he has cleared his ITC record.
Filt Property Investments	1,200,000	0	Purchase property.	Negotiating price with Investec. Receipt of financial statements and other documents.
Jacaranda Trust	0	120,000	Purchase property.	Negotiating price with Investec. Receipt of financial statements and other documents.
Lejweng Small-Scale Mining CC	6,500,000	0	Purchase mining equipment.	Receipt of partners' business plan and equipment quotations.
Leratong Bakery	0	90,000	Working capital.	Completion of business plan.
Mnguni Transport	40,000	0	Purchase tipper truck.	Receipt of business plan.
Monyaka Inn	0	1,200,000	Open a supermarket at the inn in Sebokeng Township.	Completion of business plan.

MTS Transport	150,000	0	Purchase a truck.	Completion of business plan.
Night Eagles Investments	300,000	0	Purchase Steers franchise.	Completion of business plan.
Ofhani Electrical Construction & Development	2,200,000	0	Working capital.	Completion of business plan.
Phokazani Phone Shop	52,000	0	Pay off the loan used to purchase 2 Vodacom cell phone shop containers.	Completion of business plan.
Robot Stop Coffee Shop	0	50,000	Establish a new take-away business.	Completion of business plan.
S&M Accommodation Enterprise CC	0	6,000,000	Purchase a building to use as a student residence.	Completion of business plan.
Sihlangene Farmers Association	0	4,000,000	Equipment purchase.	Receipt of supplier quotations and business plan.
TMT Joinery & Woodcraft, & Associates	400,000	0	Purchase their business premises.	Completion of business plan.
Trainsure Developments	0	180,000	Purchase business premises.	Receipt of required documentation.
Tshiawelo Chicken Supply	180,000	0	Purchase equipment and bulk stock.	Local council's transfer of fixed property in client's name.
Vukani Brickworks	60,000	0	Purchase stock.	Completion of business plan.
<b>TOTAL</b>	<b>44,142,000</b>	<b>R11,640,000</b>		

<b>Withdrawn or Rejected Applications</b>		
<b>Name</b>	<b>Amount (R)</b>	<b>Reason</b>
Cool's Nightclub	700,000	Application withdrawn after the Cool's Nightclub partnership breakup.
Lolly Hair Care Salon	50,000	Application declined due to lack of collateral.
Mac Brake & Clutch CC	50,000	Application withdrawn due to lack of collateral.
Mofokeng Transport	150,000	Client dropped after his refusal to cooperate with SEMED staff efforts on his behalf.
Ms. Maddi Nxagone	900,000	Application declined by the bank.
Nkhuchane's Phone Shop	30,000	Application withdrawn due to client's refusal to pay the high interest rates charged by retail financial intermediaries (RFIs).
PJ Motsemme & Associates CC	250,000	Application declined by the bank.
Pro Sports CC	200,000	Client unable to clear his name from the credit bureaus default list.
Sangs Grilled	50,000	Application withdrawn by SEMED because the client

Chicken		falsified information.
Shwi's Flame Ribs de la Pork	40,000	Application declined by the bank due to lack of collateral.
Sibisi Builders CC	100,000	Application withdrawn as the tender submission date was missed.
Vakasha Holdings (Pty) Ltd.	21,000,000	File closed due to client disappearance.
<b>TOTAL</b>	<b>R23,520,000</b>	

**APPENDIX 4:  
PROPOSED ACTIVITIES FOR THE 3<sup>RD</sup> QUARTER, FY'02**

**SO.5 Increased Market-Driven Employment Opportunities in the SMME Sector**

<b>Activity</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
Employment Opportunities Generated	62	62	62	186

**IR.5.1 Increased Growth of Existing SMMEs**

<b>Activity</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
Number of Business Transactions	33	33	33	99
Percentage of Business Transactions that Involve Women	50%	50%	50%	50%
Value of Business Transactions (Rand)	4,885,127	4,885,127	4,885,127	14,655,381

**IR.5.1.1 Markets for SMME Employment Growth Identified**

<b>Activity</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
Number of Markets Identified	30	30	30	90
Value of Markets Identified (Rand)	1,500,000	1,500,000	1,500,000	4,500,000
Number of Profitable Product Lines Developed/Enhanced	1	2	1	4
Number of Markets Established with Larger Entities	7	8	8	23

**IR.5.1.2 SMME Capacity to Respond to Market Opportunities Enhanced**

<b>Activity</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
Number of Entrepreneurs Receiving Business Training	5	4	10,000	10,009
Number of Entrepreneur Hours of Business Training	20	16	60,000	60,036
Number of Value-Added Technology Transfers	2	2	2	6
Number of Privatized Public Enterprises	4	4	4	12
Value of Privatized Public Enterprises (Rand)	3,167,000	3,167,000	3,167,000	9,501,000

**IR.5.1.3 SMME Access to Finance Increased**

<b>Activity</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
Number of Entities Accessing Finance	4	4	4	12
Value of Finance Accessed (Rand)	1,761,000	1,761,000	1,761,000	5,283,000

**HIV/AIDS Prevention**

<b>Activity</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
Number of People who Receive HIV/AIDS Education	76	76	76	228
Number of Condoms Distributed	683	683	683	2,049