The SASDC is supported by USAID. It seeks to be the leading corporate council in South Africa dedicated to promoting sustainable supplier diversity, through targeted procurement and black supplier development.
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ANNEXURE 1 - SASDC PERFORMANCE MONITORING & PLAN: April 2012- March 2015 (AS AT 30 SEPTEMBER 2015).............................................. 17
I. Highlights for the Period

The following are highlights for the reporting period of 1 October 2014 to 30 September 2015, all of which are covered in more detail within this report:

- This financial year we experienced a challenge in recruiting new members. In addition, we regret to report that we received a notice of core membership withdrawal from AIG. Thus, as of 30 September 2015 the Council membership closed off at 25 members.
- We certified 75 new Black owned suppliers to increase the number of suppliers certified since inception to 356 (from 281 for FY2014).
- The reported value of transactions between corporate members and certified suppliers for the period was R52 647 224 contributing to a total value of transactions reported of R178 813 782 for the period 1 April 2012 to 30 September 2015.

II. Programme Description and Overview

United States Government Economic Growth Functional Objective

1. The South African Supplier Diversity Council (SASDC) Capacity Building Program, Cooperative Agreement (CA) No. AID-674-A-12-00012, awarded on 4 April 2012, supports the US Government’s Economic Growth Functional Objective for the USAID bilateral assistance programme in South Africa. The US Government’s Economic Growth Functional Objective is to generate sustained and broad-based economic growth, which is relevant for South Africa, where the need for growth with equity is essential for reducing inequalities, and for long term prosperity and socio-political stability.

2. SASDC is an independent not-for-profit entity, controlled by its corporate members, under the direction of a corporate member nominated Board of Directors, and Board and Management Committees. The business model is consistent with US-based National Minority Supplier Development Council’s (NMSDC) standards of affiliation and practices, and local legislation. The operations are led by a Management Committee, headed by a Chief Executive Officer; supported by full time staff.

3. The SASDC is the first organization promoting supplier diversity in South Africa. The key distinguishing feature is that the SASDC is the only organization that is corporate led with its members dedicated to opening up opportunities targeted at bona fide black suppliers. Furthermore, the SASDC conducts its own supplier certification, and brings together Corporates and Certified Suppliers in matchmaking initiatives to increase the flow of transactions between the two parties.

4. The primary goal of the SASDC is to promote supplier diversity by encouraging, supporting and assisting its member corporations to open up business opportunities and progressively increase the transactions with certified black-owned businesses. Participation by black owned companies in the supply chains of corporations remains low. The SASDC members sign a code of conduct committing to identify and provide access to procurement opportunities for black owned suppliers.
The overall strategic objective (SO) for the SASDC is to “Generate sustained and inclusive economic growth, which is relevant for South Africa.” The intermediate result is “Growth in Business Linkages and Procurement between Corporations and Black Enterprises” encompassing the major result areas below:

a. **Major Result Area 1: Growing and Retaining Corporate Membership**
   Market, promote and grow the membership to make the Council a recognised, respected and viable organisation, including being able to generate enough subscriptions and service fees to finance its operations beyond 2013. The Council will also provide support and services which members find useful in helping them to implement supplier diversity, with tangible benefits. In addition, the Council will develop and implement a pilot programme similar to the NMSDC’s Centres of Excellence Program, where corporate members will collaborate in opening up opportunities for a targeted group of suppliers, and work together to improve their respective supplier diversity programmes and build the capacity of the suppliers “recruited” into the Excellence Programme.

b. **Major Result Area 2: Certifying Suppliers**
   One of the key services and benefits that the Council offers its members is access to a reliable, up to date database of certified *bona fide* suppliers. With the certification resource support from SAIBL available until September 2012, we will have certified an accumulative 300 suppliers by 30 September 2012, and an accumulative 450 suppliers by beginning April 2015.

c. **Major Result Area 3: Facilitate Business Linkages**
   The ultimate measure of success for the Council will be the growth in the value and number of transactions happening between the members and suppliers. The Council will develop and implement a reliable monitoring and evaluation process to measure the success of our linkage activities, as well as, consolidate reliable and credible information for supporting the promotion of membership and certification of the Council.
III. Strategic Objective 1 - Grow a Committed Member and Supplier Base

6. Corporate Membership

6.1. This financial year there were no new Membership Agreements signed. Additionally, we regret to report that Bidvest declined to renew their Charter Membership this year. Thus, the number of corporate members closed off at 25 as of 30 September 2015.

6.2. Attraction and Recruitment

6.2.1. Although no new Membership Agreements were signed this financial year, there were numerous hard leads with potential corporate members.

6.2.2. Engagements with Hewlett-Packard (HP) regarding corporate membership began in June 2015. At the close of the financial year, the Council was in its final recruitment stage with HP. We anticipate HP will sign a Charter Membership Agreement in October at the start of the next financial year.

6.2.3. Discussions with Standard Bank regarding SASDC Membership began in 2014 following referral from Barloworld. Since 2014 the SASDC has continued follow-up engagements with various contacts in their Procurement and Enterprise Development Departments who has expressed keen interest and need in the SASDC supplier development services. While the challenge of internal alignment persists, Standard Bank is on track to sign the Membership Agreement form early in the 2016 Financial Year.

6.2.4. Since the resuscitation of the Membership Advocacy Committee (MAC) in the first quarter, we continue to have challenges convening the regular meetings as originally intended. This has been complicated by the pending departure of the MAC Chairman from Sasol due to restructuring, as well as a similar level of uncertainty expressed by at least another 2 committee members.

6.3. Retention

6.3.1. As mentioned in earlier quarterly reports, there were challenges in retaining Bidvest as a Corporate Member. Despite countless traceable attempts to engage Bidvest, their level of activity with and commitment to the Council was not sufficient enough to build traction with their procurement team. As a result, we anticipate withdrawal of their membership on the basis that they did not receive value from their Charter Membership.

6.3.2. On the contrary, other corporate members such as IBM, Pfizer and Barloworld, have renewed on time or in advance.

7. Supplier Certification
7.1. A total of 87 certification applications were submitted this financial year, of which 75 were successfully certified. These figures are up from the 49 new applications received and 60 applications approved in the previous financial year.

7.2. From July to September there were a particular increase in the number of received applications and site visits due to an increased number of supplier days attended in addition to referrals from Sasol, Shell and Rand Water.

7.3. The following is the status of certification application since inception to 30th September 2015, at which point the SASDC has certified 356 Black owned suppliers.

7.4. Recertification by suppliers remains slow, and feedback from suppliers is that the incentive to recertify has yet to materialize because the SASDC corporate members are not yet allowing visible access to opportunity despite efforts made by suppliers to proactively engage them. Suppliers have an expectation that they would benefit by receiving guaranteed contracts, despite clear communication during supplier induction.
7.5. In efforts of working smarter, we are leveraging our corporate members to drive the growth of our supplier certification pipeline through corporate referrals.

7.5.1. **Afrox** — Afrox have identified 10 black suppliers who they have requested the SASDC engage for certification. They have also requested that the SASDC provides a perspective on the current capacity and capability gaps that these suppliers may have in order for Afrox to assist with their development.

7.5.2. **Sasol** — The SASDC was formally contracted by GIZ, the German international development agency, to facilitate the certification of 4 identified Sasol suppliers, as well as to organize and event manage 2 supplier days on behalf of Sasol. In liaison with the Sasol procurement team, the SASDC successfully hosted a supplier day in Sasolburg on the 19th March 2015 and in Secunda on the 15th April 2015. The events were attended by more than 300 representatives of black owned business based in and around the Sasolburg and Secunda areas. The SASDC tapped into its existing stakeholder network and identified all of the suppliers in attendance. At the events, the black owned businesses in attendance were exposed to the SASDC and its certification process as part of the programme as well as at the information stand that they could visit following the formal presentation processes.

7.5.3. **Rand Water** — Supplier certification briefings involving current Rand Water suppliers took place on 7 October 2014.

7.5.4. **Barloworld**

7.5.4.1. Barloworld referred about 300 Black-owned suppliers to the SASDC for certification.

7.5.4.2. Two Barloworld divisions — Barloworld Automotive and Barloworld Avis — held supplier days on 27 and 29 July, respectively. On both occasions, the audience was all current Barloworld suppliers. As an outcome, not only did the SASDC engage with potential SASDC suppliers, but Barloworld agreed to pay the certification fees for about 20 suppliers. Corporate hosted supplier days such as these have been instrumental in growing our pipeline for qualified Black-owned businesses for certification.

### 8. Strategic Formal Partnerships

8.1. As mentioned in previous quarterly reports, the SASDC signed a three-year Memorandum of Understanding (MoU) with the Small Enterprise Development Agency (Seda) on 09 December 2014. The objective of the MoU is to provide a framework for collaboration between the two parties, in achieving overlapping contributions to the economic growth of the country. Both organisations aim to address issues of unemployment, poverty and inequality through small business empowerment and development.

8.2. This financial year the SASDC continued to foster their relationship with the DTI as per the MoU signed last financial year.

8.2.1. The first management meeting was held on 16 February 2015 and the outcome was to put in place a 3-year work plan that would provide focus for engagements and collaboration going forward.
8.2.2. The terms of reference for the Management Committee were finalised and a 3-year implementation plan was developed as an outcome of a multi-stakeholder engagement workshop held in May 2015 and hosted by Sebata Group, a certified supplier of the SASDC.

8.2.3. As a Corporate Member Services, on the 4th of September 2015, the SASDC hosted a DTI Incubation Support Program Engagement. This initiative was undertaken to present to the SASDC Corporate Members the DTI incentive programme for co-funding supplier incubation centre. SASDC could assist corporates with the identification, certification, and business health-check of prospective incubates for incubation programs initiated by corporate members.

8.3. In July the SASDC attended a mini-workshop with The Seed Academy, which led to broader discussions around a formal partnership. The Seed Academy provides fast-track and practical entrepreneurship training, incubation and mentoring to start-ups and early phase entrepreneurs. The course and programme design couples personal and leadership development with sound business skills and knowledge. Together, entrepreneurs of all levels are equipped to successfully launch and sustain their business. Main objectives of the partnership include a cross-referral system whereby both parties facilitate introductions to corporate partners aligned to respective business objectives, co-marketing for all relevant events, and exposure of certified suppliers to an expanded network of training and capacity building opportunities.

8.4. On 5 August the SASDC had an introductory meeting with Catalyst for Growth (C4G) to identify any areas of synergy and possible collaboration. Catalyst for growth is a non-profit organisation that is developing an analytics platform for business development support (BDS) providers serving small and medium-sized enterprises. Their introduction of the analytics platform is intended to increase the quality of BDS in the market, reward high performing service providers, and help link SMEs to growth capital.

With C4G’s focus on performance data and analytics, there could be an opportunity for the SASDC to partner and leverage Catalyst for Growth’s data or data collection best practices. Discussions with Catalyst for Growth will continue to evolve in the next financial year, and the CEO is expected to attend our upcoming Annual Conference in November. A Non-Disclosure and Confidentiality Agreement has since been signed and is valid for one year. The Agreement focuses on:

- Participation in DTI-related activities by developing a Monitoring and Evaluation guideline
- Potential involvement in SASDC’s framework for supplier development
- Cross-linking SMEs within each others’ networks
- Linking C4G to SASDC’s BDS and service provider network
- Linking C4G to corporates wanting to develop their SMEs through BDS

8.5. The Head of Membership Advocacy met with the Automotive Industry Development Centre (AIDC) to discuss supplier development initiatives and possible areas of collaboration. As an outcome, an MoU was proposed for formal partnership and will be followed up. According to their website, the AIDC has evolved into a leading implementation agency within government who specialises in skills development and training, supplier and enterprise development, incubation programmes, and management of incentive programmes. They are a subsidiary of the Gauteng Economic Development Agency (GEDA).
IV. Strategic Objective 2 - Deliver Valued Member and Supplier Services

9. Member Services

9.1. This financial year the SASDC held reoccurring engagements with over 10 Corporate Members to consolidate their supply chain needs. In response the SASDC provided advice and identified interventions in line with supplier diversity best practices. Tailored solutions require a huge investment of the Council's time, and implementing customized interventions are subject to the timelines of corporates. Unfortunately, corporates often fall short of following next steps and time-sensitive proposed solutions don't result in the intended level of impact. Support has been provided to corporates and formal strategic partners including SOEPF, Barloworld, the DTI.

9.2. Through numerous consultations, support was provided to Barloworld on planning and delivering their Supplier Days and other Supplier Development initiatives. In addition, advisory services were provided around how to incorporate these initiatives into their supplier development program.

9.3. Earlier this year, IBM engaged the services of the SASDC to draft a Supplier Development proposal whereby the SASDC would be integral and in the implementation, monitoring, reporting and delivery of a holistic solution. Ultimately the Enterprise Room was awarded the proposal over the SASDC. The decision was largely based on Enterprise Room's strong partnerships with GIBS, which IBM felt was a better fit for their ESD program given it's intended emphasis on training. Despite the unsuccessful proposal, engagements with IBM continued to assess how the SASDC can still be involved with certifying suppliers for the ESD program being implemented by Enterprise Room.

9.4. Meetings with Afrox were held to discuss their Supplier Development and Enterprise Management initiatives. As an outcome Afrox requested a detailed cost proposal for the suppliers that Afrox referred to the SASDC for Certification. The proposal was submitted to the Afrox Board to request funds for development of the referred suppliers.

9.5. At the beginning of September 2015 the SASDC attended a meeting with Justice Magagula, the Vice President of Group Enterprise and Supplier Development for Sasol. Mr Magagula suggested the SASDC certification be integrated with the Sasol Siyakha Fund, which has disbursed in excess of R65 million in loans for funding Sasol SMME suppliers. Meetings will continue to be held fortnightly.

9.6. In July the SASDC met with Pfizer to monitor the progress against the ESD plan. As a result, four procurement opportunities were identified for matchmaking with SASDC suppliers. The next steps are to secure dates and finalise logistical issues.

10. Corporate Capacity Building Session

10.1. On 9 September the SASDC hosted a Corporate Capacity Building Session that educated corporates on the Codes of Good Practice. The informal training session included a demonstration of a BEE Monitoring and Planning Tool that tracks and simulates BBBEE scenarios.
10.2. All SASDC Corporate Members were invited, although only Barloworld, Shell and IBM attended the session.

11. **Supplier Capacity Building Session**

11.1. The value of the Supplier Capacity Building Sessions is aimed at improving the capacity and resilience of South African businesses. Given the challenges small businesses face - escalating costs, struggling to access new business opportunities, identifying a unique selling proposition etc – there is a plethora of topics that the SASDC will address in monthly sessions.

11.2. The value of these Capacity Building sessions are enhancing the capacity and resilience of South African businesses in such that they have the ca

11.3. As part of the SASDC monthly series of workshops and network sessions focused on “Building Better Business” the SASDC hosted BSMT on the 27th July 2015. The session covered the topic of Quality Management Systems (QMS). The presenter from BSMT, Siphokazi Mtimkulu, spoke about of the importance of the Quality Management Systems and is a Lead Auditor with the International Register of Certified Auditors.

12. **Membership Events**

12.1. In celebration of Women’s Month, the SASDC had the pleasure of hosting its first **Women’s Plenary** on 6 August. The theme for the day focused on how Black women can position themselves strategically on the chess board of industry, in order to take advantage of the opportunities that come with the recent strategic focus by the DTI, to create Black Industrialists in the next three years. There were about 30 supplier, corporate, and government representatives in attendance.

12.1.1. Lijeng Mokoatle, Managing Member of Lettam Building & Civils spoke addressed the Plenary as the Keynote Speaker. Lijeng is a Construction Excellence Award Winner and a qualified surveyor with more than 20 years of experience.

12.1.2. Panelists included: Dr. Renee Horne, SASDC Board Member; Stieneke Samuel, Chief Director of the DTI; Busi Ntuli, Managing Director of Busi Ntuli Communications and Certified SASDC Supplier; and Donna Rachelson, Group CEO Seed Engine, and Latishia Naidoo, Quality Champion for Cummins Africa.

12.1.3. The event was sponsored and hosted by Corporate Member Barloworld.

12.2. As earlier mentioned, the SASDC was an affiliate partner of The Women in Transport Forum, which took place on the 16 October 2014 at Wits Business School. The Forum incorporated both participating and aspiring entrepreneurs in the transport sector as well as integrated adjacent industries, which affect and are affected by the transport sector.

13. **Member onboarding**
13.1. In the fourth quarter, the trend of stagnant membership growth continued. Despite numerous leads, there were no new Membership Agreements signed this financial year. With that said, membership sales are being aggressively pursued with Hewlett-Packard (HP), whom we expect to officially come onboard early next financial year.

14. Enhanced capacity of the SASDC Board of Directors and Committees

14.1. Although membership growth remained slow, recent efforts to resuscitate the Membership Advocacy Committee (MAC) was aforementioned. The objective of the MAC is to support the development and execution of the SASDC's Membership Advocacy strategy. Corporate representatives from Shell, ACSA, Sasol and Bidvest participated in the MAC meeting. Despite the favorable attendance, it was noted that additional corporates should be approached to join the MAC.

14.2. Yolanda Roelofse, Supplier Development Manager fromAfrox was inducted as the newest Certification Committee Member. This brings the number of Certification Committee Members to 9. Yolanda was recruited to Makhula Maghoga from Afrox who stepped down from the Certification Committee earlier in the fourth quarter.

14.3. The newest Board Member is Ms Shongwe, Group Manager of Supply Chain Management at Airports Company of South Africa (ACSA). Prior to joining ACSA she previously held executive positions at Eskom. These included among others Finance Manager, Commercial Manager, Category Manager, Supply Chain Manager, Value Delivery and Business Intelligence Manager, Supply Chain Risk and Governance Manager and Monitoring and Reporting Manager. She is currently driving integrated transformation which mainly focuses on Community Skills Development, Enterprise and Supplier Development including Preferential Procurement mostly in ACSA's footprint areas. Ms Shongwe contributed significantly in the formation and implementation of closing the gaps in terms of BBBEE Contribution level at ACSA. She recently delivered a sustainable level 2 contribution level for ACSA. Ms Shongwe holds a Bachelor of Commerce degree, Masters in Business Leadership.

V. Strategic Objective 3 - Facilitate Business Linkages

The reported value of transactions between Corporate Members and Certified Suppliers for the period was R16 920 562, contributing to a total value of R143 087 120 in reported transactions since the organisation's inception in 1 April 2012.

15. Annual SASDC Synergies Conference and Business Opportunity Fair

15.1. In November 2014 the SASDC began planning for its Annual Synergies Conference and Business Opportunity Fair. In preparation the SASDC undertook a supplier sourcing exercise to solicit the services of capable Event, Marketing and Sponsorship Management partners to execute the 2015 conference. The decision to outsource was taken based on the learning's from the previous Conferences that have been held by the SASDC. The sourcing objective was to find a certified supplier that could provide a full house service and capability to host a world-class conference and business opportunity fair.

16. De Beers Supplier Day
16.1. On 9 October 2014 the SASDC participated in De Beers Supplier Day held in Parys. Since De Beers is a Corporate Member, the SASDC extends an invite for all SASDC certified suppliers to attend. In exchange, the majority of those in attendance who are already supplying to De Beers were exposed to the SASDC for the first time. There were 15 suppliers in attendance, of which 2 were selected by De Beers for to participate in its proposed Supplier Development Programme that will commence in 2015. In collaboration with De Beers, the SASDC will highlight developmental gaps during the certification process, which will then inform the type of focused intervention to be applied for each supplier’s tailored SD Programme.

VI. Strategic Objective 4 - Achieve Recognition as the Leader and Authority on Supplier Diversity

17. Annual General Meeting

17.1. The Annual General Meeting was held on 6 August 2015 and sponsored by Barloworld. The attendance of corporate member representatives was favourable, however there were also a few suppliers represented.

18. National Minority Supplier Development Council (NMSDC) Conference and Business Opportunity Fair

18.1. The annual was held from 2-5 November 2014 in Orlando, Florida in the United States. This annual event is the flagship conference for supplier diversity where more than 6,000 corporate CEOs, procurement executives and supplier diversity professionals from top multinational companies convene to re-energise their collective efforts to solidify diverse global corporate supply chains.

18.2. This year the SASDC boasted a delegation of 14 persons comprised of 4 Corporate and 10 Supplier representatives. This ultimately strengthens the relationship with the NMSDC who are meant to be a mentor and resource for the Council.


19.1. The month of October saw SASDC CEO, Mr Gary Joseph interviewed in the IMPACT 2014: A guide to Enterprise & Supplier Development in South Africa magazine. Mr Josephs’ Main Feature Article was titled, From Compliance to “Conscience”: The long road to meaningful supply chain transformation.

19.2. In the article Mr Joseph stresses that “both the public and private sector need to shrug off the unfortunate "compliance" connotation that has come to be associated with Black Economic Empowerment.” Instead, as he postulates, the aforementioned sectors should make a conscious decision to address under-representation and use this to add value to their business, which will allow organisations to unlock new opportunities and access new markets.
20. New York University, Robert F Wagner Graduate School for Public Service “Capstone” Research Programme

20.1. This period the SASDC was fortunate to have been selected as the international client for New York University’s (NYU Wagner) Capstone Programme. 4 post-graduate level students earning their Masters in Public Administration selected the SASDC as their international client. Over a 9 month period, the Masters students conducted 9 months of intensive research on a Scope of Work agreed upon by both parties in a consultative manner. The NYU Capstone team brings with them a range of experience and expertise, global insights, new ways of thinking and an academic support structure from one of the worlds leading universities.

20.2. Research Methodology and Findings

20.2.1. To measure the impact of SASDC’s services, the team employed mixed quantitative and qualitiative research methods. Qualitative data was conducted through in-depth interviews with corporate members, suppliers, government officials, and academics. They interviewed 29 subjects, which consisted of representatives from 17 certified suppliers, 7 corporate members, 3 government departments, and 2 academic institutions. They surveyed a total of 65 certified suppliers (21% response rate) and 8 corporate members (31% response rate).

20.2.2. The research findings were presented in four key themes that were common to all stakeholders: value proposition; member portal; communications; and networking and matching. There were four additional areas where the Capstone team felt the SASDC can lend more focus: marketing, capacity building, accountability, and Board structure. Another set of issues raised by corporates, and less among the suppliers, was capacity building and skills training. Thirdly, there was a common view that corporates are not held accountable and that they are ignoring their mandates, whether they relate to B-BBEE/government cooperation or their obligations as corporate members of the SASDC.

20.2.3. In the short term, recommendations include addressing the member portal, build capacity through trainings and workshops, and improving networking events. In the medium term, they suggest the SASDC further define its partnership among government and corporate members. In the long term, they recommend the SASDC clearly define its core value proposition for key stakeholders.
VII. Performance Management

21. Performance Management Plan

21.1. As reported before, several areas of reporting on the PMP are dependent upon such information being submitted by corporate members and suppliers. Although both corporates and suppliers have committed upon sign-up to reporting when such requests are forwarded to them by the SASDC, compliance with our quarterly reporting requests remains substantially low. All engagements between SASDC staff and suppliers and corporations include discussions around the importance of reporting. In addition, electronic reporting tools for both corporates and suppliers were developed and circulated during this reporting period. The intention had been to simplify the reporting process of both parties and in doing so increase compliance with reporting requirements. Unfortunately reporting by both corporates and suppliers remain very low. We have reached out to other Council within the Global Link Partnership and have been informed that this is a challenge that they also face, with the main difference being that higher reporting levels are recorded on the side of corporate members and not suppliers as is the case with the SASDC.

21.2. For the period 1st April 2012 to 30th September 2015, only 140 of the 356 certified suppliers submitted quarterly sales reports for inclusion in this annual Performance Management Plan report (Annexure 1). A very low level of duplication in spend data reporting was applicable for the period covered. From 1st April 2012 to 30th September 2014, a total of R178 813 782 in procurement sales have taken place between 17 of our corporate members and 57 certified suppliers.

21.3. Below is a summary of reporting statistics consolidated for the period 1 April 2012 to 30 September 2015.

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<tr>
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<th>CORPORATE AND SUPPLIER REPORTED SPEND</th>
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<tbody>
<tr>
<td></td>
<td>FINANCIAL PERIOD</td>
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<td>No. of certified suppliers</td>
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<td>No. of corporate members</td>
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<td>No. of suppliers reporting</td>
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<td>Total Reported Supplier Sales</td>
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<td>Spend with Other Corporations</td>
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<td>Supplier Reported spend with SASDC Corporation</td>
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<td></td>
<td>Corporate Reported Spend with Certified Suppliers</td>
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<td></td>
<td>Overlap of spend reporting</td>
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<td></td>
<td>Total SASDC Corporate spend on Certified Suppliers</td>
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</table>
21.4. The importance of the above data cannot be overstated and we will continue with awareness interventions on the importance of reporting.

VIII. Challenges, Opportunities and Lessons

22. Challenges

22.1. Despite procurement transformation legislation in South Africa being applicable to private sector informally and formally since 2003, many corporate members still have challenges achieving their corporate targets in the area of Black and local supplier spend. Unfortunately, there is an expectation that membership with the SASDC will result in the Council providing them with the implemented solutions to quickly close the performance gaps that currently exist from a compliance perspective. Membership of the SASDC is accompanied by
specific services and benefits that are general for members, but the SASDC finds itself having to go beyond this to satisfy the needs of certain corporate members for the sake of retention without such activities translating into additional revenue to the Council.

22.2. Fund raising for sponsorship towards the Synergy Conference and Business Opportunity Fair has been extremely difficult due to the lack of direct relationships with decision-makers responsible for corporate sponsorship budgets. Furthermore, the slow pace with which supplier diversity has been integrated and communicated in member supply chain and corporate strategy results in the difficulty of such decision-makers making the connection between sponsorship opportunities with the SASDC and their respective brand management sponsorship objectives.

23. Opportunities

23.1. The SASDC has traditionally focussed its efforts on growing its income base through the growth of corporate members. This will remain the focus of the Council but with the added objective of sourcing additional revenue through the implementation of supplier diversity or enterprise and supplier development projects on behalf of members and other enterprise development funders. The experience gained from the Sasol-GIZ supplier workshops has laid a good foundation for not only proposal development but also for project implementation methodology and reporting.

23.2. The 3-year work plan through which the relationship between the SASDC and DTI will be managed provides a documented reference point for supporting the general communications and marketing strategy of the Council. Although we anticipate that most of the deliverables will be as an outcome of the SASDC’s efforts, the credibility and market positioning of the Council will be significantly enhanced going forward.

24. Lessons

24.1. Responding to the needs of corporate members requires a proactive approach of developing a range of product solutions that can be executed as soon as the need is identified by or in collaboration a corporate member. In the past, the SASDC has focussed on existing products and promoting these only with the anticipation that corporate members will take up such services. As is the proven beneficial characteristic of small and medium enterprises, the SASDC is small and agile enough to be much more responsive to its corporate members than before.
IX. Financial Report

6. The table below provides the breakdown of the approved project budget, the obligated funds, and expended funds as at 30 September 2015 on an accrual basis.

<table>
<thead>
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<th>COST ELEMENT</th>
<th>Budget 3 April 2016</th>
<th>Initial Obligation</th>
<th>Mod. 1</th>
<th>Mod. 2</th>
<th>Mod. 3</th>
<th>Mod. 4</th>
<th>Total Obligation</th>
<th>Expended to 30 June 15</th>
<th>Expended Jul - Sep 15</th>
<th>Total Expended 3 Apr 12 - 30 Sep 15</th>
<th>Balance on Budget</th>
<th>Balance on TOTAL Obligation</th>
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<tr>
<td>I. PERSONNEL &amp; ALLOWANCES</td>
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<td>$200 000</td>
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