

**Enterprise Management & Innovation (Pty) Ltd.**  
**Sustainable Employment Micro-Enterprise Development**  
**(SEMED) Project**  
**(Grant No. 674-6-00-00-00064-00)**

**4<sup>th</sup> QUARTERLY REPORT, FY '01**  
**(7/1/2001-9/30/2001)**

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## EXECUTIVE SUMMARY

On September 19, 2000, Mr. Simon Aphane, Managing Director, Enterprise Management & Innovation (Pty) Ltd. (EM&I), signed the USAID/South Africa Sustainable Employment Micro-Enterprise (SEMED) Project grant award contract. The contract was officially awarded on September 1, 2000 by the Contracts Office, USAID/South Africa, with a project completion date of October 15, 2001. During the 4<sup>th</sup> Quarter, the project completion date was extended until October 15, 2002. This 4<sup>th</sup> Quarterly Report, FY '01 details the activities performed by Enterprise Management and Innovation (EM&I) on the Sustainable Employment Micro-Enterprise Development (SEMED) Project from July 1, 2001 until the end of the reporting period on September 30, 2001.

During the 4<sup>th</sup> Quarter, Project Administration focused on extending the SEMED Project. On July 16, 2001, Mr. Jerry Kryshal, Regional Contracting Officer, USAID/South Africa and Mr. Simon Aphane signed an agreement extending the SEMED Project for one year. The SEMED Project now officially concludes on October 15, 2002. Although the SEMED Project was extended, staff contracts were not automatically renewed for the extension year. During the week commencing August 19, all SEMED staff were given letters of notice, reminding them that their contracts will expire on October 15, 2001. Staff members who will remain for the next year will be provided new contracts in early October 2001. Other Project Administration activities included annual and medical leave taken by 2 SEMED staff members, and the servicing of 3 project vehicles.

SEMED Project progress is measured against several target impact indicators in five areas: 1) SMME Markets Identified and Developed; 2) SMME Capacity to Respond to Market Opportunities Enhanced; 3) Increased SMME Access to Capital; 4) Employment Opportunities Facilitated; and 5) the Number of Beneficiaries who received HIV/AIDS Education. Each of these areas contributes in its own way to the overall growth and sustainability of SMMEs.

Identifying market sectors, market niches and companies in and with which SMMEs can do business leads to the formation of expanded business linkages, which, in turn, leads to enterprise growth and job creation. During the 4<sup>th</sup> Quarter, the SEMED Project identified 3 new market sectors, 11 new market niches and 9 new companies receptive to SMME business opportunities. In addition, a total of 96 business linkages were established, bringing the total to date to 7,409.

Four different activities fall under the heading of SMME Capacity to Respond to Market Opportunities Enhanced: 1) Profitable SMME products improved; 2) SMMEs linked to Public Enterprises; 3) Entrepreneurship strengthened; and 4) Business skills strengthened. During the 4<sup>th</sup> Quarter, three (3) new products were developed and three (3) existing products were improved, each representing a different type of product. In addition, four (4) SMMEs were linked to public enterprises. Listenership reports provided by Radio Active place the number of people reached by the Tycoon Business Adventures program at more than twelve million (12,000,000). Tycoon programs were broadcasted from 8:00 pm until 9:00 pm for twelve (12) consecutive Mondays. Ukhozi broadcasts reached 1,024,000 people each week during this time slot. When added together, this yields an estimated total of 12,288,000 people reached by the Tycoon programs, of which 6,540,000 were males and 5,748,000 were females. Since approximately 6% of South Africans run some kind of business out of their homes, 737,280 (6% of 12,288,000) count as

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entrepreneurs who improved their entrepreneurship and business skills by learning from the Tycoon broadcasts. Of these, 392,400 were males and 344,880 were females. By enhancing SMMEs' capacity to respond to market opportunities, each of these activities contributes to SMMEs' sustainability.

Increased access to capital allows SMMEs to venture into new markets and develop new lines of business. During the 4<sup>th</sup> Quarter, the SEMED Project facilitated access to finance for thirteen (13) clients (US\$393,063), two (2) from non-traditional financial intermediaries, nine (9) from traditional financial institutions and two (2) in the form of commercial subsidies. As with the first two quarters, this number is lower than it could be, due to the length of time required by financial institutions to process loan applications (on average around three (3) months). Another seven (7) loan applications (totaling US\$1,529,750) have been submitted to financial institutions and await approval. In addition, seventeen (17) applications (totaling US\$6,655,000) are in the process of being prepared.

As a result of the linkages and access to capital facilitated by the SEMED Project in the 4<sup>th</sup> Quarter, FY'01, a total of 668 jobs have been either created or maintained. In addition, HIV/AIDS education was provided to 706 SEMED Project beneficiaries, increasing the total number of people receiving HIV/AIDS education through the SEMED Project to 1,490. Of the \$750,000 awarded to this project, \$220,720 (29%) was spent during the 4<sup>th</sup> Quarter, bringing the total spending to-date to \$700,983 (93%). The remaining \$49,017 will be used by October 15, 2001, bringing SEMED Project spending at the end of its first year to the total amount budgeted for the period.

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## **ACRONYMS and ABBREVIATIONS**

ABSA	Amalgamated Banks of South Africa
BBI	Batloung Business Images
CC	Close Corporation
DAPP	Development Aid People to People to People
DICHEMSA	Detergent and Industrial Chemicals South Africa
EM&I	Enterprise Management and Innovation (Pty) Ltd.
FNB	First National Bank
FY	Financial Year
IDC	Industrial Development Corporation
IEMAS	Iscor Employees Mutual Association (Pty) Ltd.
MEEG	Midland Economic Equity Group Bank
MODE	Medunsa Organization for Disabled Entrepreneurs
NDA	National Development Agency
RFI	Retail Financial Intermediary
SAA	South African Airways
SATOUR	South African Tourism
SEMED	Sustainable Employment Micro-Enterprise Development
SME	Small and Medium Enterprise
SMME	Small, Medium and Micro-Enterprise
SO5	Strategic Objective #5: Private Enterprise
USAID	United States Agency for International Development

## **1.0 INTRODUCTION**

This 4<sup>th</sup> Quarterly Report, FY'01 details the activities performed by Enterprise Management and Innovation (EM&I) on the Sustainable Employment Micro-Enterprise Development (SEMED) Project from July 1, 2001 until the end of the reporting period on September 30, 2001.

The report is divided into the following sections: Chapter 1: Introduction; Chapter 2: Project Administration, covering recruitment, procurement, advisory board development, and other administrative issues; Chapter 3: Market Identification and Business Linkages, detailing market sectors identified and business deals made; Chapter 4: Technological Innovation/Product Development, describing linkages formed for technical assistance or product development; Chapter 5: Business/Entrepreneurship Skills Training, providing information about the SEMED Project's skills-training program; Chapter 6: Access to Finance, listing the clients for whom loans applications have been prepared, as well as those for whom application preparation has been started, but is still pending; Chapter 7: HIV/AIDS Intervention, providing information about the SEMED Project's HIV/AIDS awareness and education program; Chapter 8: Coordination, detailing meetings between USAID/South Africa and EM&I and/or SEMED Project staff; Chapter 9: Constraints/Solutions, describing challenges faced during project implementation and how they have been addressed; Chapter 10: Project Performance Indicators, containing a table showing progress made towards project targets; and, Chapter 11: Financial Statements.

## **2.0 PROJECT ADMINISTRATION**

The major highlight of Project Administration activities during the 4<sup>th</sup> Quarter was the signing of an agreement extending the SEMED Project for another year. Other activities included annual and/or medical leave for several staff members and some vehicle maintenance. Details are provided below.

### **2.1 Project Extension**

On September 19, 2000, Mr. Simon Aphane, Managing Director, Enterprise Management & Innovation (Pty) Ltd. (EM&I), signed the USAID/South Africa Sustainable Employment Micro-Enterprise (SEMED) Project grant award contract. The USAID/South Africa Contracts Office officially awarded the contract on September 1, 2000, with a project completion date of October 15, 2001. On July 16, 2001, Mr. Jerry Kryshstal, Regional Contracting Officer, USAID/South Africa, and Mr. Simon Aphane signed an agreement extending the SEMED Project for one year. The SEMED Project now officially concludes on October 15, 2002.

Although the SEMED Project was extended, staff contracts were not automatically renewed for the additional year. During the week commencing August 19<sup>th</sup>, all SEMED staff were given letters of notice, reminding them that their contracts will expire on October 15, 2001. Staff members who will remain for the next year will be provided new contracts in early October 2001.

### **2.2 Staff Activities**

Two staff members, Ms. Estelle Muller, Business Training Manager, and Mr. Johan Botha, Business Linkages Manager, took one day of annual leave on Friday, August 10, 2001, in order to have a long weekend. Ms. Muller also took a week of medical leave (August 19-25, 2001) following her involvement in a multiple car accident with her private vehicle on the Witbank freeway. She suffered a broken foot and a gash on her forehead.

### **2.3. Project Vehicles**

During the 4<sup>th</sup> Quarter, three (3) project vehicles were taken for service to Sandton Toyota. In addition, the insurance company replaced two (2) project vehicles' cracked and chipped windscreens at an excess cost to the SEMED Project of R100 each.

### 3.0 MARKET IDENTIFICATION & BUSINESS LINKAGES

#### 3.1 Market Identification

During the 4<sup>th</sup> Quarter, a total of 3 new market sectors and 11 new market niches were identified in which the SEMED Project can work. Nine (9) new companies with which SEMED Project clients can work were also identified.

<b>Market Sector</b>	<b>Niches</b>
Transportation*	<i>Provincial government departments</i>
Retail Sales*	<i>Government hospitals &amp; clinics Provincial government departments</i>
Wholesale Sales*	<i>Large broiler chicken wholesalers Corporate procurement agencies</i>
Tourism	<i>Resorts, hotels, guest houses &amp; other accommodation providers</i>
Training	<i>SME personnel Government department personnel Machine operators</i>
Construction	<i>Road construction contractors Building construction contractors</i>

\*Indicates a previously identified market sector

To date, a total of 43 market sectors, 68 market niches and 69 companies have been identified.

#### 3.2 Business Linkages

During the 4<sup>th</sup> Quarter, 28 business linkage deals were concluded. Work commenced on an additional 8 deals, which are currently pending completion. In all cases, each deal contains multiple linkages. For total numbers of each linkage type, please see the SEMED Project Performance Indicators Table in Chapter 10 of this report.

SEMED staff also attended a number of seminars and meetings in order to learn about further linkage possibilities. On July 17, 2001, Mr. Godfrey Khuvutlu, SEMED Business Linkages Manager, attended the Miami-Dade Official Partnership for International Trade, a seminar about export and import opportunities between American and South African companies. On August 3, 2001, Mr. Simon Aphane, EM&I Managing Director, and Mr. Willie Höll, SEMED Chief-of-Party, met with Mr. Xen Dippenaar, Kopano Auctioneers Director. Kopano is involved in liquidation of businesses. Mssrs. Aphane and Höll met with Mr. Dippenaar to discuss ways of resuscitating failed ventures.

##### 3.2.1 Established Linkages: Summaries

#### 1. Ms. Mirriam Mkize, M Enterprises & Mirriam Transport

*Date: July 10, 2001*



M Enterprises is a home-based butchery in Pretoria North. The owner, Ms. Mkize wants to diversify her product range to include frozen chickens. In order to do this, she needs to purchase cold-room facilities. She also requires access to a reliable chicken supplier. SEMED staff linked Ms. Mkize to Kwikspace Modular Buildings, a company that converts containers into cold-room units. M Enterprises ordered three (3) of these units to use as butchery outlets. SEMED staff are also negotiating a linkage for Ms. Mkize with another SEMED client, Suits Me Poultry, which will supply M Enterprises with chickens.

Ms. Mkize also runs Mirriam Transport, a small company that removes rubble and provides general goods transport. SEMED staff helped Ms. Mkize win a R3,000,000 (US\$375,000) contract from Platinum Joint Ventures (Pty) Ltd., to provide tipper trucks for road construction. Platinum Joint Ventures, an empowerment company that sources various tenders then looks for subcontractors, holds the tender to build the extension of the N4 toll road from Rustenburg to Botswana.

**SME Black/White Linkages Established:** (Total = 1; Male = 0; Female = 1)

**Backward Business Linkages Established:** (Total = 1; Male = 0; Female = 1)

**SME Forward Linkages Established:** (Total = 1; Male = 0; Female = 1)

**SME/Large Business Linkages Established:** (Total = 2; Male = 0; Female = 2)

**Employment Opportunities Facilitated:** (Total = 31; Male = 18; Female = 13)

**Contract Value:** R3,000,000; US\$375,000

## 2. Mr. Lesiba Messina, Jukskei Passenger Transport

*Date: July 11, 2001*

Jukskei Passenger Transport recently won contracts to provide student transportation services for several Gauteng schools. Jukskei Passenger Transport approached the SEMED Project for help, because it needs to purchase additional busses in order to execute these contracts. SEMED staff brokered a deal between Jukskei and Bus Alliance CC, whereby Jukskei would purchase Bus Alliance's entire operation (40 busses and a depot). A sales agreement was signed, and an application for the R6,000,000 required for the purchase was submitted to Citibank. Citibank, however, refused to finance other than working capital, which meant payments to Bus Alliance would have to be staggered, rather than once-off. Bus Alliance refused this deal, along with Jukskei's offer to purchase only twelve (12) busses, so the deal had to be closed.

**Backward Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME/SME Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Black/White Linkages Established:** (Total = 1; Male = 1; Female = 0)

**Employment Opportunities Facilitated:** (Total = 100; Male = 80; Female = 20)

## 3. Mr. Sifiso Nxumalo, Sifiso's Laundry

*Date: July 17, 2001*

Mr. Nxumalo wants to start a laundromat in the South Gate townhouse complex. He asked the SEMED Project to help him procure the necessary equipment and access finance for working capital. SEMED staff linked Mr. Nxumalo to Leads Laundry Equipment, an American supplier of laundry equipment worldwide, from whom he obtained two (2) Speedqueen washers and two (2) Speedqueen driers. Staff also referred Mr. Nxumalo to Basani Business Development Services to apply for a R38,000 (US\$4,750) working capital loan.

**Backward Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME/SME Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME/Large Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME/US Enterprise Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Black/White Linkages Established:** (Total = 1; Male = 1; Female = 0)

**Employment Opportunities Facilitated:** (Total = 3; Male = 1; Female = 2)

#### 4. Mr. Wellings Maseko, Matanda Business Development CC

*Date: July 18, 2001*

Matanda Business Development, a business linkages company, currently works with the Sea Point Harbour Development Project. This project, aimed at enhancing tourism, involves extending the Cape Town harbor by building a pier and terminal for passenger liners on the Sea Point peninsula. SEMED staff linked Matanda Business Development to Eskom for electrification of the Sea Point Harbour Development Project.

**SME/Public Enterprise Linkages Established:** (Total = 1; Male = 1; Female = 0)

#### 5. Mr. Johannes Nguni, Nguni Transport

*Date: July 19, 2001*

Mr. Nguni runs a small transport company, subcontracting for two (2) other companies that hold Department of Works tenders in Mpumalanga. Mr. Nguni requested SEMED Project assistance to register his enterprise as a Close Corporation (CC), which will enable him to tender for government contracts. SEMED staff linked Mr. Nguni with the Registrar of Companies, and helped him file the necessary paperwork.

**SME/Government Linkages Established:** (Total = 1; Male = 1; Female = 0)

#### 6. Ms. Dinah Aphane, Mmabatho Estate CC

*Date: July 24, 2001*

Ms. Aphane grows vegetables on her land in Haakdongboom, Pretoria North, which she sells to Spar supermarkets. She approached the SEMED Project for assistance in accessing funds to develop hydroponic facilities on her land. As reported in the SEMED Project 3<sup>rd</sup> Quarterly Report FY'01, SEMED staff helped Ms. Aphane access funding for this project from the Land Bank. During the 4<sup>th</sup> Quarter, SEMED staff linked Mmabatho Estate with Chris Hefer Construction CC, a company that manufactures hydroponic tunnels. Ms. Aphane placed an order with Chris Hefer Construction for three (3) tunnels, which were delivered and erected on September 25, 2001. Employment opportunities facilitated by this project were reported in the SEMED Project 3<sup>rd</sup> Quarterly Report.

**Backward Business Linkages Established:** (Total = 1; Male = 0; Female = 1)

**SME/SME Linkages Established:** (Total = 1; Male = 0; Female = 1)

**SME Black/White Linkages Established:** (Total = 1; Male = 0; Female = 1)

#### 7. Mr. Collen Nxumalo, Collysta's Coin Operated Laundry

*Date: July 30, 2001*

Mr. Nxumalo owns and operates a small laundromat. He asked the SEMED Project to help him improve his business. SEMED staff linked Mr. Nxumalo to Uni-Lever Ponds, a supplier of detergents and advisory services. Uni-Lever Ponds also agreed to provide Mr. Nxumalo with

marketing assistance, details of which are reported in Section 6.3.1 Disbursements, in the Commercial Subsidies table.

**Backward Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME/Large Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Black/White Linkages Established:** (Total = 1; Male = 1; Female = 0)

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

#### 8. Ms. Thandi Mazibuko, Diepkloof Laundry

*Date: July 30, 2001*

Ms. Mazibuko runs a small laundry facility in Diepkloof near Baragwanath Hospital. She approached the SEMED Project for help to make her business more profitable. SEMED staff linked Ms. Mazibuko with Uni-Lever Ponds, who will supply her with detergents at wholesale, rather than retail prices, thus increasing her profit margins. SEMED staff also negotiated a marketing assistance subsidy for Ms. Mazibuko from Uni-Lever Ponds, details of which are reported in Section 6.3.1 Disbursements, in the Commercial Subsidies table.

**Backward Business Linkages Established:** (Total = 1; Male = 0; Female = 1)

**SME/Large Business Linkages Established:** (Total = 1; Male = 0; Female = 1)

**SME Black/White Linkages Established:** (Total = 1; Male = 0; Female = 1)

**Employment Opportunities Facilitated:** (Total = 3; Male = 0; Female = 3)

#### 9. Ms. Tiny Ntshudisane, Botswere Development Services CC

*Date: August 3, 2001*

Botswere Development Services runs a small farm in Rustenburg, where they raise broiler chickens. Ms. Ntshudisane, Managing Member, asked the SEMED Project to help her find a better market for their chickens. SEMED staff linked Botswere Development Services to Early Bird Chickens, a very large producer and wholesaler of broiler chickens. Early Bird Chickens will purchase all the chickens Botswere can produce on an on-going basis - a contract valued at R300,000 (US\$37,500) annually.

**SME Forward Linkages Established:** (Total = 1; Male = 0; Female = 1)

**SME Black/White Linkages Established:** (Total = 1; Male = 0; Female = 1)

**SME/Large Business Linkages Established:** (Total = 1; Male = 0; Female = 1)

**Employment Opportunities Facilitated:** (Total = 7; Male = 1; Female = 6)

**Contract Value:** R300,000; US\$37,500

#### 10. Mr. Doctor Mashiloane, Mashiloane's Baketek Bakery

*Date: August 6, 2001*

Mr. Mashiloane is a qualified Master Baker who has worked as a baker for eight (8) years. He contacted the SEMED Project because he wants to establish his own business. SEMED staff recommended a linkage between Mr. Mashiloane and Butterfield Holdings, a company that sells containerized bakeries through a franchise scheme. Mr. Mashiloane was dissatisfied with the cost and limitations of a franchise and rejected the proposed Butterfields linkage. SEMED staff then linked him with Baketek Systems CC, a supplier of baking equipment, technical support and baking consumables. Baketek will supply Mr. Mashiloane with the equipment required to set-up a full-fledged bakery and will provide technical support for their products as needed.

**Backward Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME/Large Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Black/White Linkages Established:** (Total = 1; Male = 1; Female = 0)

**Employment Opportunities Facilitated:** (Total = 10; Male = 3; Female = 7)

**11. Mr. Pieter van Rooyen, JP Construction (Pty) Ltd.**

*Date: August 22, 2001*

JP Construction is an approved contractor for Telkom Botswana, and has all the equipment necessary for executing Telkom contracts. Mr. van Rooyen would like to expand his business to include local Telkom contracts. In order to do this, he needs to form a joint venture with a local black empowerment company. SEMED Project staff linked Mr. van Rooyen to Mr. Elias Xaba, a qualified contractor with fifteen (15) years experience working for Groblers Construction, a Telkom contracting company, from which he was recently retrenched. Messrs. Xaba and van Rooyen formed a new joint venture called Orapu (Pty) Ltd. This new empowerment company will benefit from contracts awarded by Telkom in South Africa.

**SME/SME Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Black/White Linkages Established:** (Total = 1; Male = 1; Female = 0)

**Employment Opportunities Facilitated:** (Total = 40; Male = 38; Female = 2)

**12. Ms. Lindiwe Dhludhlu & Ms. Sibongile Nkosi Winning Diapers & Sanitary Towels CC**

*Date: August 25, 2001*

Ms. Dhludhlu and her partner, Ms. Nkosi, want to set-up a diaper-manufacturing business. They approached the SEMED Project for help with their business plan and linkages to suppliers, customers and mentors. SEMED staff linked Ms. Dhludhlu and Ms. Nkosi to Bummies Nappies and Nappie Africa CC, existing diaper-manufacturing companies, which will provide technical advice and mentorship to them.

**SME/SME Linkages Established:** (Total = 2; Male = 0; Female = 2)

**13. Mr. Henrick Moagi, Wire Works Designs CC**

*Date: August 27, 2001*

Wire Works Designs manufactures custom-designed wire articles. It sells these articles to retail customers at Bruma Flea Market and on the street. Mr. Moagi asked the SEMED Project to help him grow his business. SEMED staff linked Mr. Moagi to Channel Marketing (Pty) Ltd., a white-owned public relations company that works for a number of blue-chip companies in South Africa. Channel Marketing uses wire artifacts in its promotion and marketing materials. It has found them very effective, especially in creating an African impression. Channel Marketing ordered R1,600 (US\$200) worth of wire artifacts from Wire Works Designs to use as corporate gifts.

**SME Forward Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Black/White Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME/Large Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**Employment Opportunities Facilitates:** (Total = 4; Male = 4; Female = 0)

**Contract Value:** R1,600; US\$200

**14. Mr. Benedict Dlodlo, Path Development Solutions**

*Date: August 31, 2001*

Path Development Solutions, a Section 21, not-for-profit company, provides capacity building and management training to SMEs. SEMED staff facilitated a R134,000 (US\$16,750)

computer training tender from the Department of Education on Path's behalf. Project staff also linked Path to Ithute Tswelopele Solutions, a computer training company, to enable execution of this contract. Path will manage the project, while Ithute will provide technical expertise and trainers.

**SME Black/White Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME/SME Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Forward Linkages Established:** (Total = 1; Male = 1; Female = 0)

**Backward Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SMME/Government Linkages Established:** (Total = 1; Male = 1; Female = 0)

**Employment Opportunities Facilitated:** (Total = 7; Male = 4; Female = 3)

**Contract Value:** R134,000; US\$16,750

#### 15. Mr. Xolani Ndzaba, First Beverages CC

*Date: September 3, 2001*

Mr. Ndzaba runs a small juice manufacturing company. In order to expand his business, Mr. Ndzaba needed to upgrade his equipment. During the 3<sup>d</sup> Quarter, SEMED staff linked Mr. Ndzaba to Big 100 Sales & Marketing (Pty) Ltd., who supplied him with the required juice-making equipment. However, additional orders kept pouring in and soon this equipment also became inadequate.

In order to meet this increased demand, SEMED staff linked First Beverages to GEA Process Technology, suppliers of factory-grade juice-making equipment. GEA Process Technology provided R1,500,000 (US\$187,500) worth of juice-making equipment to First Beverage. SEMED staff also arranged for GEA Process Technology to act as an alternative financier for First Beverage in this purchase: GEA recorded payment for this purchase as a loan, which First Beverage will repay over a 3-year period.

**Backward Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME/Large Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Black/White Linkages Established:** (Total = 1; Male = 1; Female = 0)

**Employment Opportunities Facilitated:** (Total = 9; Male = 3; Female = 6)

#### 16. Mr. Justice Mabuda, Louistrichardt Butterfield Bakery

*Date: September 3, 2001*

Mr. Mabuda distributes Butterfield Bakery products in Louistrichardt. He approached the SEMED Project for help to establish his own bakery. SEMED staff facilitated the process of obtaining a Butterfields containerized bakery franchise for Mr. Mabuda. Project staff also linked him with Eskom, which will provide electrification for the new bakery.

**SME/Large Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SMME/Public Enterprise Linkages Established:** (Total = 1; Male = 1; Female = 0)

**Backward Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Black/White Linkages Established:** (Total = 1; Male = 1; Female = 0)

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

#### 17. Mr. Ditau Molefane, Tembisa Butterfield Bakery

*Date: September 3, 2001*

Mr. Molefane's Butterfield Bakery franchise in Tembisa needed to move to a new site. The site

was identified during the 3<sup>rd</sup> Quarter, but before the bakery container could be moved, a concrete slab must be laid. Mr. Molefane requested SEMED Project assistance to facilitate acquisition of the slab, to be paid for by Eskom, and to apply for electricity installation and connection at the municipal offices. SEMED staff linked Mr. Molefane to Mr. John Mnisi, an unemployed builder who poured the required concrete slab, and to Eskom, which provided electrification for the new bakery.

**Backward Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME/SME Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SMME/Public Enterprise Linkages Established:** (Total = 1; Male = 1; Female = 0)

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

#### **18. Mr. Sam Mahlangu, JaneFurse Butterfield Bakery**

*Date: September 7, 2001*

Mr. Mahlangu owns a spaza shop in JaneFurse, Northern Province, and wants to expand his business by starting a bakery. SEMED staff linked Mr. Mahlangu to Butterfields Bakeries, who offer containerized bakery franchises. Project staff also linked Mr. Mahlangu to Eskom, which will provide electricity for the new bakery.

**Backward Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME/Large Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Black/White Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SMME/Public Enterprise Linkages Established:** (Total = 1; Male = 1; Female = 0)

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

#### **19. Ms. Joyce Manjozi, Trainsure Developments CC**

*Date: September 10, 2001*

Trainsure Developments provides on-site training in machine-operating techniques. Ms. Manjozi approached the SEMED Project to discuss expanding the business. Trainsure wants to purchase a forklift operator training package and asked the SEMED Project to source this for them. SEMED staff linked Trainsure to Logista Human Resources (Pty) Ltd., from which Trainsure ordered a forklift operator training package valued at R15,560 (US\$1,945).

**Backward Business Linkages Established:** (Total = 1; Male = 0; Female = 1)

**SME/SME Linkages Established:** (Total = 1; Male = 0; Female = 1)

**SME Black/White Linkages Established:** (Total = 1; Male = 0; Female = 1)

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

#### **20. Ms. Lshoko Mohlomi, Leshok's Garment Manufacturers CC**

**Ms. Nonhlanhla Mphachoe, CTU Supplies (Pty) Ltd.**

**Ms. Lucia Mothiba, Ludo Curtains**

**Ms. Hazel Mguni, Refilwe Clothing Manufacturing CC**

*Date: September 11, 2001*

Shanghai Jingfu Knitting Mill, a Chinese company from Herbei Province in China contacted the SEMED Project because it wants to start manufacturing clothing in South Africa. It asked the SEMED Project to propose historically disadvantaged companies with which it could form a joint venture. SEMED staff linked 4 of its clients - Leshok's Garment Manufacturers, CTU Supplies, Ludo Curtains and Refilwe Clothing Manufacturing to Shanghai Jingfu Knitting Mill to form a new joint venture company, which will manufacture underwear, t-shirts and jerseys.

**SME/Large Business Linkages Established:** (Total = 4; Male = 0; Female = 4)

**SME 1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup> Tier Linkages Established:** (Total = 4; Male = 0; Female = 4)

**SME Black/White Linkages Established:** (Total = 4; Male = 0; Female = 4)

**Employment Opportunities Facilitated:** (Total = 127; Male = 20; Female = 107)

## 21. Mr. Mike Mpho, Re-matla Investments CC

*Date: September 13, 2001*

Re-matla, a landscaping company, won a R3,500,000 contract from the Komati Basin Water Authority in Swaziland to landscape the grounds around their head Quarters and reservoirs. In order to improve the competitiveness of the services offered by Re-matla, SEMED staff linked Mr. Mpho with Idube Landscaping (Pty) Ltd. to form a joint venture. Idube offers a broader range of skills and resources than Re-matla has. Forming a joint venture will enable the partners to bid for larger contracts.

**SME/SME Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Black/White Linkages Established:** (Total = 1; Male = 1; Female = 0)

**Employment Opportunities Facilitated:** (Total = 7; Male = 7; Female = 0)

## 22. Ms. Grace Nthuli, Tumelong Income-Generating Projects

*Date: September 14, 2001*

Tumelong is a mission established sixty (60) years ago in Stinkwater by the Anglican Diocese of Pretoria. It runs an income-generating project that serves as a small-business incubator for the local community. Among other activities, the project manufactures practical and decorative wire items. Ms. Nthuli contacted the SEMED Project to learn about opportunities for improving Tumelong's business. SEMED staff linked Tumelong with Wire Works Designs, another SEMED client involved in the same line of business. Wire Works seconded two (2) of its artists to Tumelong to teach wire-art skills and control production quality.

**SME/SME Linkages Established:** (Total = 1; Male = 0; Female = 1)

**Employment Opportunities Facilitated:** (Total = 10; Male = 6; Female = 4)

## 23. Mr. Lucas Mafadi, Mafadi Hardware

*Date: September 18, 2001*

Mr. Mafadi asked the SEMED Project to evaluate his business to determine whether it would be more profitable to expand into brick production or link with existing producers. During an on-site visit, it was discovered that Mr. Mafadi was experiencing cash flow problems after overspending on security upgrades for his premises. Further capital expenditure was therefore deemed imprudent and the decision was made to look for existing brick manufacturers to link with Mafadi Hardware.

SEMED staff linked Mr. Mafadi to East Driefontein Corobrick, a brick manufacturing company, which will provide him with bricks. SEMED staff also facilitated a contract on Mr. Mafadi's behalf with Pro Admin Corp. CC, a building construction company. The contract, valued at R67,900 (US\$8,488), involves bricklaying for seven (7) houses in a modern cluster development in Roodeport.

**SME Forward Linkages Established:** (Total = 1; Male = 1; Female = 0)

**Backward Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME/Large Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Black/White Linkages Established:** (Total = 1; Male = 1; Female = 0)

**Employment Opportunities Facilitated:** (Total = 17; Male = 16; Female = 1)

**Contract Value:** R67,900; US\$8,488

#### **24. Ms. Glenda Butkow, Career Objectives (Pty) Ltd.**

*Date: September 21, 2001*

Career Objectives is a personnel placement agency, specializing in affirmative action appointments. Although it was awarded a staff procurement contract for 200 workers from South African Airways (SAA) and Metrorail, these contracts are pending Ms. Butkow finding a black equity shareholder for her business. Ms. Butkow asked the SEMED Project to help her locate a black shareholder and a payroll service provider. SEMED staff linked Ms. Butkow to Ms. Joyce Manjozi, Trainsure Development CC, a SEMED Project client that provides on-site training in machine-operating techniques. Ms. Butkow and Ms. Manjozi will register a new proprietary limited company, with a 50% shareholding for each company, thereby allowing the SAA and Metrorail contracts to proceed.

**SME/SME Linkages Established:** (Total = 1; Male = 0; Female = 1)

**SME Black/White Linkages Established:** (Total = 1; Male = 0; Female = 1)

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

#### **25. Mssrs. Macs Maboka & Sekwela Matabane, Glenmark Printing & Stationery (Pty) Ltd.**

*Date: September 26, 2001*

Mr. Ivan Dixon owns Glenmark Printing and Stationery (Pty) Ltd.. He would like to retire and needs to sell his business. He asked the SEMED Project to identify suitable purchasers for him. Messieurs Maboka and Matabane, along with a third colleague, own and operate Detergent and Industrial Chemicals South Africa (DICHEMSA) CC, a supplier of domestic and industrial cleaning materials. SEMED staff linked Mr. Dixon to Messrs. Maboka and Matabane and facilitated the sale of Glenmark Printing and Stationery. Mssrs. Maboka and Matabane will takeover Glenmark, while their third colleague will continue operating DICHEMSA.

**SME/SME Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Black/White Linkages Established:** (Total = 1; Male = 1; Female = 0)

#### **26. Mr. Bafana Batloug, Batloug Business Images CC (BBI)**

*Date: September 26, 2001*

Batloug Business Images (BBI), a registered close corporation, supplies stationery to various government departments. It won a tender from the Gauteng Department of Education to supply it with R95,000 (US\$11,875) worth of stationery. BBI also holds other government tenders for stationery supplies. SEMED staff linked BBI to Glenmark Printing and Stationery, another SEMED client, which will supply the stationery to BBI. The agreement covers a twelve-month period, commencing in October 2001, and is valued at R360,000 (US\$45,000). After this first year, the contract is subject to review.

BBI also won a tender from the Mpumalanga Department of Education for R3,140,230 (US\$392,529) worth of textbooks. SEMED staff are currently negotiating with a textbook supplier on BBI's behalf.

**SME/SME Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Forward Linkages Established:** (Total = 1; Male = 1; Female = 0)



**Backward Business Linkages Established:** (Total = 1; Male = 1; Female = 0)

**Employment Opportunities Facilitated:** (Total = 16; Male = 6; Female = 10)

**Contract Value:** R360,000; US\$45,000

## 27. Mr. Kennedy Mafubetsoane, Boipatong Development Company

*Date: September 26, 2001*

The Boipatong Development Company runs a business center of thirty five (35) small businesses in Vanderbiljpark. It is looking for two (2) medium scale businesses to serve as anchor tenants in the center. Mr. Mafubetsane requested SEMED Project assistance in identifying suitable candidates. SEMED staff linked the Boipatong Development Company with Iscor Employees Mutual Association(Pty) Ltd. (IEMAS), a financial services business that provides small business loans and consumer credit to people in the Vaal Triangle area. IEMAS signed a 5-year rental contract for R6,000 per month, with 10% annual increases, yielding a total contract value of R360,000 (US\$45,000).

**SME/SME Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Black/White Linkages Established:** (Total = 1; Male = 1; Female = 0)

**SME Forward Linkages Established:** (Total = 1; Male = 1; Female = 0)

**Employment Opportunities Facilitated:** (Total = 3; Male = 1; Female = 2)

**Contract Value:** R360,000; US\$45,000

## 28. Mr. Thato Motlana, Lingsing Properties (Pty) Ltd.

*Date: September 29, 2001*

Lingsing Properties was purchased from Braaks Nurseries by John Webb, an estate agent, for less than its true value. The property, located near the Hartbespoort Dam, includes a number of glass houses, old employee houses, and other buildings that can accommodate secondary businesses. SEMED staff facilitated the purchase of Lingsing Properties from Mr. Webb by Mr. Thato Motlana, an entrepreneur able to develop the property into a number of profitable businesses.

SEMED staff linked Mr. Motlana with World of Insight, Furntrade, BTECH and Sieling Nurseries, four (4) secondary businesses, which will operate on the Lingsing premises. World of Insight manufactures ceramics, Furntrade makes furniture and runs a woodworking center, and Sieling Nurseries grows herbs. BTECH will serve the local community, most of whom are unemployed, unskilled laborers, by establishing a skills-development center to teach welding and bricklaying.

SEMED staff are also negotiating with the National Development Agency (NDA), the government agency responsible for assisting poverty-stricken communities, and the local council to have the old employee houses given title and reclassified as low-cost housing. Reclassification and title would allow Mr. Motlana to receive a government subsidy for the houses, which would then be occupied by low-income families.

**SME/SME Linkages Established:** (Total = 4; Male = 4; Female = 0)

**SME Black/White Linkages Established:** (Total = 4; Male = 4; Female = 0)

**SME 1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup> Tier Linkages Established:** (Total = 4; Male = 4; Female = 0)

**Employment Opportunities Facilitated:** (Total = 250; Male = 150; Female = 100)

### **3.2.2 Pending Linkages: Summaries**

In addition to the twenty-eight (28) completed deals listed above, SEMED Project staff are currently in the process of facilitating another eight (8) linkage deals.

#### **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 sports wear 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 is pending access to the finance required to get the project up and running.

#### **2. Mr. Chris du Toit, Suits Me Poultry (Pty) Ltd.**

Mr. du Toit owns and runs a medium-scale poultry farm in Northern Province. In order to source government contracts, he needs to find a black equity partner. Mr. du Toit has requested SEMED Project assistance in identifying suitable candidates for this joint venture. He also requires R4,000,000 to finance the joint venture and has asked the SEMED Project to raise these funds. SEMED staff have presented Mr. du Toit's business plan and financial statements to EPA Development Service (Pty) Ltd., a black-owned company that invests in agro-processing and eco-tourism businesses. They will conduct their own due-diligence during the month of October, after which the deal should be completed.

#### **3. 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 have presented the community's business plan and funding proposal to the Industrial Development Corporation (IDC) and are awaiting the IDC Board's decision.

#### **4. Mr. Peter Matokwe, Carpenter**

Mr. Matokwe is a qualified carpenter who wants to start his own business. He requested SEMED Project assistance in finding a suitable site for his workshop and to facilitate a loan of R10,000 for working capital and to purchase wood. Accessing finance for Mr. Matokwe has proven difficult, as he has only his skill to offer as collateral. SEMED staff are currently trying to arrange a joint venture for him with the carpentry and furniture incubator business based at the Braamfontein center of the Medunsa Organization for Disabled Entrepreneurs (MODE).

#### **5. Mr. Alan Dent, Marketing Transactions Systems (Pty) Ltd.**

Mr. Dent won a R900,000 grant from the Industrial Development Corporation, with which he developed an electronic reservation system for guesthouses, hotels and game reserves, similar to the air ticket system, called EasyComm Travel Marketing and Reservation System. In order to receive endorsement from South African Tourism (SATOUR), he needs to find a black partner willing to form a joint venture. He has requested SEMED Project assistance to find a suitable partner and to access the R7,468,000 needed to implement the system. Talks are currently

underway with several potential partners.

**6. 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 is currently under consideration.

**7. Mr. Mbongeni Magwaza, Family Butchery**

Mr. Johan van Rensburg owns Family Butchery, based in Montana, Pretoria. He wants to sell his business and asked the SEMED Project to help him find a purchaser. Mr. Magwaza has worked as the accountant for Batho Butchery for a number of years, and now wants to acquire a butchery of his own. SEMED staff introduced Mr. Magwaza to Mr. van Rensburg, and the sale of Family Butchery was agreed upon, pending Mr. Magwaza's ability to access the necessary funds to complete the purchase.

**8. Mr. Simon Moloi, Koplan 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.

**3.2.3 Rejected Linkages: Summaries**

Five (5) previously pending linkage deals were rejected due to unforeseen problems.

**1. Mr. Roland Walsh, Top Star Milling CC**

Top Star Milling needs to find a black equity partner in order to source government contracts. Mr. Walsh requested SEMED Project assistance identify potential black partners for a joint venture. On September 27, 2001, SEMED staff met with Mr. Walsh to discuss their intentions of introducing a black partner into the business. Mr. Walsh informed SEMED staff that he was no longer interested in an empowerment deal. The file was closed.

**2. Mr. Mike Mpho, Re-matla Investments CC**

Re-matla is a landscaping company, which has already won a R3,500,000 contract from the Komati Basin Water Authority in Swaziland to landscape the grounds around their headquarters and reservoirs. During the 3<sup>rd</sup> Quarter, with SEMED Project help, Mr. Mpho bid for the tender to landscape the grounds of the new casino in Swaziland. Award of the tender was expected during the 4<sup>th</sup> Quarter. Unfortunately development of the casino has been postponed indefinitely, so the deal must be closed.

**3. Mr. Francois de Klerk, Eskom Agrelek Division**

Mr. De Klerk approached the SEMED Project to request assistance in identifying candidates to

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take up fruit drying business opportunities. These fruit drying businesses would buy fruit from emerging black farmers in the Nelspruit area, dry it, and sell it to small-scale dried fruit packing companies. The small-scale dried fruit packaging companies will then on-sell to wholesalers, as well as selling retail directly to consumers. Until now SEMED staff have been unable to find entrepreneurs interested in this project. The file has been closed.

### **4. Mr. Makhehla Simelani, Isinkwa Sethu Bakeries CC**

Mr. Simelani wanted to establish ten (10) containerized bakeries in Gauteng and Mpumalanga. He asked the SEMED Project to help him identify potential black franchisees and access the finance to set up these bakeries. SEMED staff prepared a proposal on Mr. Simelani's behalf and submitted it to the Industrial Development Corporation (IDC). The deal was closed after Mr. Simelani failed to supply additional information requested by IDC and stopped responding to SEMED staff calls.

### **5. Mr. Zac Setlhabi, Batho Dairy Products CC**

Batho Dairy Products contacted the SEMED Project because it needs to purchase new dairy equipment and access a working capital loan, in order to expand its business. Although a suitable equipment supplier was identified, the deal has been closed, as market research showed that a dairy of this size would not be viable in the Vaal area.

## **4.0 TECHNOLOGICAL INNOVATION/PRODUCT DEVELOPMENT**

### **4.1 Technological Innovation**

One (1) SEMED client benefited with a technological innovation during the 4<sup>th</sup> Quarter. SEMED staff facilitated the purchase of new juice-making equipment by First Beverages. This equipment improved their production process, resulting in product consistency.

### **4.2 Product Innovations and Developments**

During the 4<sup>th</sup> Quarter, the SEMED Project helped three (3) clients add new products or services to their businesses, and another three (3) clients to improve their existing products and services. Details are provided below.

<b>Name</b>	<b>Product</b>	<b>Innovation/Development</b>
Jingfu, Refilwe, Ludo, CTU & Leshok's Joint Venture	Underwear	New product
M Enterprises	Frozen chickens	New product
Mafadi Hardware	Bricklaying	New service
Re-matla Investments	Landscaping	Improved product
Tumelong Income-Generating Projects	Wire artifacts	Improved product
Wire Works Designs	Wire artifacts	Improved product

## 5.0 BUSINESS/ENTREPRENEURSHIP SKILLS TRAINING

The SEMED Project's Business and Entrepreneurship Skills Training Program uses two (2) methodologies: 1) learning by hearing, which uses radio soap opera to teach business and entrepreneurial skills; and, 2) learning by doing, which teaches business skills by linking SMEs 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.

### 5.1 Learning by Doing

During the 4<sup>th</sup> Quarter, a mentorship linkage was formed for two (2) SEMED Project clients. Ms. Dhludhlu and her partner, Ms. Nkosi, want to set-up a diaper-manufacturing business. SEMED staff linked Ms. Dhludhlu and Ms. Nkosi to Bummies Nappies and Nappie Africa CC, existing diaper-manufacturing companies. Bummies Nappies and Nappie Africa will provide technical advice and mentorship to Ms. Dhludhlu and Ms. Nkosi.

**SME Business Skills Strengthened:** (Total = 2; Male = 0; Female = 2)

**SME Entrepreneurship Skills Strengthened:** (Total = 2; Male = 0; Female = 2)

The SEMED Project strengthened the business and entrepreneurship skills of another client, Mr. Johannes Nguni, in two (2) ways. First, SEMED staff assisted Mr. Nguni with the process of registering his company, Nguni Transport, as a Close Corporation (CC). Official registration will enable Mr. Nguni to tender for government contracts. Second, SEMED staff helped Mr. Nguni finalize an outstanding payment from a contractor.

**SME Business Skills Strengthened:** (Total = 1; Male = 1; Female = 0)

**SME Entrepreneurship Skills Strengthened:** (Total = 1; Male = 1; Female = 0)

SEMED staff improved another client's entrepreneurship and business skills by improving the company's record keeping capacity. SEMED staff helped Trainsure Developments CC install QuickBooks accounting software and trained Ms. Joyce Manjozi, Member, how to use it.

**SME Business Skills Strengthened:** (Total = 1; Male = 0; Female = 1)

**SME Entrepreneurship Skills Strengthened:** (Total = 1; Male = 0; Female = 1)

Business skills are also taught while guiding clients through the process of negotiating business deals or developing Business Plans, Feasibility Studies, Market Studies, Internal System Control Procedures and Financial Controls. Each SEMED Project client receives training in one or more of these areas. SEMED client details and their strengthened skills are listed below.

Name	SME Business Skills			SME Entrepreneurship Skills		
	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
Shamis International Distributors CC	1	0	1	1	0	1
Mashiloane's Baketek Bakery	1	0	1	1	0	1
Wire Works Designs CC	1	0	1	1	0	1

Louistrichardt Butterfield Bakery	1	0	1	1	0	1
<b>Name</b>	<b>SME Business Skills</b>			<b>SME Entrepreneurship Skills</b>		
	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
JaneFurse Butterfield Bakery	1	0	1	1	0	1
Leshok's Garment Manufacturers CC	0	1	1	0	1	1
CTU Supplies (Pty) Ltd.	0	1	1	0	1	1
Ludo Curtains	0	1	1	0	1	1
Refilwe Clothing Manufacturing CC	0	1	1	0	1	1
Glenmark Printing & Stationery (Pty) Ltd.	1	0	1	1	0	1
<b>TOTAL</b>	<b>6</b>	<b>4</b>	<b>10</b>	<b>6</b>	<b>4</b>	<b>10</b>

## 5.2 Learning by Hearing

Broadcasts of the Tycoon Business Adventures radio soap opera on Ukhozi FM ran from April 9 until June 25, 2001. Each episode included a 15-minute soap opera, a 5-minute business concept summary, and a 40-minute call-in talk show. An expert small, medium and micro-enterprise (SMME) Business Consultant hosted each of the programs in an instructional and advisory role, helping Ukhozi FM listeners improve their business management skills and promoting entrepreneurship in the historically disadvantaged community. All programs were conducted in Zulu, except when Zulu business terminology was underdeveloped or did not exist. A bonus program, including a representative of USAID/South Africa, was broadcast on July 2, 2001.

Listenership reports provided by Radio Active place the number of people reached by the Tycoon Business Adventures program at more than twelve million (12,000,000). Tycoon programs were broadcasted from 8:00 pm until 9:00 pm for twelve (12) consecutive Mondays. Ukhozi broadcasts reached 1,024,000 people each week during this time slot. When added together, this yields an estimated total of 12,288,000 people reached by the Tycoon programs, of which 6,540,000 were males and 5,748,000 were females. Since approximately 6% of South Africans run some kind of business out of their homes, 737,280 (6% of 12,288,000) count as entrepreneurs who improved their entrepreneurship and business skills by learning from the Tycoon broadcasts. Of these, 392,400 were males and 344,880 were females.

## 6.0 ACCESS TO FINANCE

### 6.1: Traditional Sources of Finance

During the 4<sup>th</sup> Quarter, SEMED Project staff maintained on-going contacts with various financial institutions, including ABSA, FNB, Ned Enterprises, Standard Bank, the Midland Economic Equity Group Bank (MEEG), and the Industrial Development Corporation (IDC), regarding SEMED clients' applications for finance. Regular meetings have been necessary in order to remind the banks about outstanding SEMED client loan applications. Without constant contact, the banks tend to allow loan applications to remain in pending files for long periods of time.

### 6.2 2<sup>nd</sup> Tier, Non-Traditional Financial Intermediaries

During the 4<sup>th</sup> Quarter, SEMED staff facilitated access to finance for two (2) clients from non-traditional financial intermediaries. Details are provided below.

<b>FUNDS ACCESSES THROUGH NON-TRADITIONAL FINANCIAL INTERMEDIARIES</b>			
<b>Name</b>	<b>Amount (R)</b>	<b>Source</b>	<b>Purpose</b>
First Beverages	1,500,000	GEA Process Technology	Purchase juice-making equipment
Path Development Solutions	800,000	Webtrade Trading No. 51	Bridging loan facility
<b>TOTAL</b>	<b>R2,300,000</b>	<b>(US\$287,500)</b>	

### 6.3 SEMED-Arranged Financing

#### 6.3.1 Disbursements

During the 4<sup>th</sup> Quarter, nine (9) loans 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>
Belesose Fashion Designers	5,000	Marang Financial Services	Working capital
Dream Nails & Beauty Salon	50,000	Khethani Business Finance	Working capital & stock purchases
Glenmark Printing & Stationery	560,000	MEEG Bank	Purchase of the business by Mssrs. Maboka & Matabane
Golden Tuck Shop	30,000	Basani Business Development Services	Extend business premises & purchase stock
Hair Evolution	15,000	Khethani Business Finance	Renovate business premises
Lingsing Properties	7,200,000	IDC	Purchase of the business by Mr. Motlana

RoboMation (Pty) Ltd.	200,000	FNB	Working capital
<b>Name</b>	<b>Amount(R)</b>	<b>Source</b>	<b>Purpose</b>
Trainsure Developments	35,000	Khethani Business Finance	Purchase training package & open a branch in Durban
Vukani Brick Works	50,000	Khethani Business Finance	Building alterations & stock purchases
<b>TOTAL</b>	<b>R8,145,000</b>	<b>(US\$101,813)</b>	

Two (2) SEMED Project clients accessed finance in the form of commercial subsidies. Details of clients who received this type of finance are listed below.

<b>COMMERCIAL SUBSIDIES</b>			
<b>Name</b>	<b>Amount(R)</b>	<b>Source</b>	<b>Purpose</b>
Collysta's Coin-Operated Laundry	15,000	Uni-Lever Ponds	Marketing assistance
Diepkloof Laundry	15,000	Uni-Lever Ponds	Marketing assistance
<b>TOTAL</b>	<b>R30,000</b>	<b>(US\$3,750)</b>	

In several instances, access to finance, from either traditional or non-traditional financial institutions or from commercial subsidies, has facilitated job opportunities. Details are listed below.

<b>JOB OPPORTUNITIES FACILITATED BY ACCESS TO FINANCE</b>			
<b>Name</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
Belesose Fashion Designers	0	3	3
Dream Nails & Beauty Salon	0	4	4
Golden Tuck Shop	2	3	5
Hair Evolution	3	1	4
Path Development Solutions	6	0	6
RoboMation (Pty) Ltd.	9	2	11
Vukani Brick Works	3	6	9
<b>TOTAL</b>	<b>23</b>	<b>19</b>	<b>42</b>

### **6.3.2 Submitted Loan Applications**

Since program commencement, a total of forty-three (43) SEMED Project client loan applications have been approved and disbursed (thirty (30) during the first three Quarters, plus the thirteen (13) listed in section 6.3.1 above). An additional seven (7) applications remain pending, as it takes approximately three (3) months to receive approval from the banks. A list of submitted loan applications is provided in the table below.

<b>SUBMITTED FINANCE APPLICATIONS</b>			
<b>Name</b>	<b>Source of Funds</b>	<b>Amount (R)</b>	<b>Purpose</b>
A&N Construction	African Bank	200,000	Purchase building materials
GT Mtsweni Transport CC	FNB	120,000	Purchase a truck



Marketing Transaction Systems	Epa Development Service	7,468,000	Implementation of electronic reservation system
<b>Name</b>	<b>Source of Funds</b>	<b>Amount (R)</b>	<b>Purpose</b>
Mr. Mbongeni Magwaza	Khethani Business Finance	R180,000	Purchase Family Butchery from previous owner
PJ Motsemme & Associates CC	Business Partners	250,000	Purchase stock and equipment
Pro Sports CC	Khethani Business Finance	200,000	Purchase materials stock
Suits Me Poultry (Pty) Ltd.	Epa Development Service	4,000,000	Joint venture capital
	<b>TOTAL</b>	<b>R12,238,000</b>	<b>(US\$1,529,750)</b>

The SEMED Project counts the loan applications pending bank approval or rejection, as loans in the pipeline. Given the SEMED Project's performance thus far, it is expected that over 50% of these loans will be approved.

### 6.3.3 Loan Applications In Preparation

In addition to the seven (7) submitted loan applications awaiting approval from financial institutions, seventeen (17) loan applications are in the process of preparation for submission to financial institutions. Banks require SMEs to present their loan applications together with a business plan, in order to be considered favorably. If the SMEs listed below are deemed profitable, SEMED Project staff will commence the process of accessing finance on their behalf.

LOAN APPLICATIONS IN PREPARATION			
Name	Amount (R)	Purpose	Pending
African Soya	33,000,000	Build soy processing plant & working capital	Finding a partner with required technical expertise
BJM Transport	200,000	Purchase truck	Receipt of business plan
Charisma Events & Promotions CC	50,000	Working capital	Receipt of Botswana government clearance
Chips Land	60,000	Expansion capital	Client must prove he has cleared his ITC record
Cool's Nightclub	700,000	Purchase hotel where nightclub is based	Applicant is reconsidering whether he wants to purchase the hotel
G.S. De Sousa Enterprises	150,000	Working capital	Receipt of business plan and other documents
IDAC Wholesalers	1,500,000	Purchase stock and equipment	Completion of business plan
Lejweng Small-Scale Mining CC	6,500,000	Purchase mining equipment	Receipt of business plan and equipment quotations
Mngoni Transport	40,000	Purchase tipper truck	Receipt of business plan
Mofokeng Transport	150,000	Purchase trailer-tractor	Receipt of business plan

		truck	
Mr. Peter Matokwe	10,000	Working capital	Receipt of business plan
<b>Name</b>	<b>Amount (R)</b>	<b>Purpose</b>	<b>Pending</b>
Mtsweni Transport	150,000	Purchase trailer-tractor truck	Completion of business plan
Night Eagles Investments	300,000	Purchase Steers franchise	Completion of business plan
Reflections Jewelry	250,000	Working capital	Receipt of business plan
Rooi Koppies Poultry	6,000,000	Purchase broiler company, stock & working capital	Awaiting clearance from Development Bank of SA for the new owners to takeover the business at a reduced value
Sihlangene Farmers Association	4,000,000	Equipment purchase	Receipt of business plan
Tshiawelo Chicken Supply	180,000	Purchase equipment and bulk stock	Local council's transfer of fixed property in client's name
<b>TOTAL</b>	<b>R53,240,000</b>	<b>(US\$6,655,000)</b>	

### 6.3.5 Withdrawn or Rejected Applications:

During the 4<sup>th</sup> Quarter, twelve(12) applications for finance were either withdrawn by the SEMED Project or rejected by financial institutions. Details are listed below.

Withdrawn or Rejected Applications		
Name	Amount (R)	Reason
Batho Dairy Products	6,000,000	Application withdrawn after market research showed expansion would not be supported by market demand
DAPP	300,000	Banks will not lend to a Section 21 company
Isinkwa Sethu Bakeries CC	1,500,000	Client failed to supply additional information when requested. Application withdrawn
Kwena Plastics (Pty) Ltd.	3,000,000	Client refused to invest own money as any kind of matching funds. Application rejected
Lowveld Craft Productions	4,500,000	Client failed to provide necessary information. Application withdrawn
Mo-Afrika Dry Cleaners	100,000	Application declined due to lack of collateral, as client does not hold title to the land on which the business is situated
Mr. D. Mashiloane	260,000	Application process halted after client chose not to purchase the Butterfields franchise
Muwaweni Maize Mill	10,000,000	Application withdrawn after market research showed that expansion would prove unviable
Shamis International Distributors	465,000	Client refused to supply required documents. File closed
Spray Dynamics CC	500,000	Client formed partnership with another white business, thereby disqualifying himself for SEMED Project assistance
Sunrise Electrical	400,000	Council failed to approve construction of proposed shopping

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Wholesalers		complex
Umie Property Investments CC	700,000	Application declined due to the personal record of a member with the bank
<b>TOTAL</b>	<b>R27,725,000</b>	<b>(US\$3,465,625)</b>

## **7.0 HIV/AIDS INTERVENTION**

On November 10, 2000, the SEMED Project, with support from the Gauteng Department of Health, launched an HIV/AIDS awareness campaign for SMEs and their employees. The aim of this project is to increase HIV/AIDS awareness among the large number of historically disadvantaged employees working in SMEs in Gauteng Province. This preventive intervention will help reduce the incidence of HIV/AIDS and its devastating impact on business survivability due to the loss of key personnel.

The Department of Health initially donated 1,500 brochures, 200 posters and 5,000 condoms for this campaign. These materials were packaged and were distributed by SEMED Project staff during the 1<sup>st</sup> and 2<sup>nd</sup> Quarters, FY'01. On April 16, 2001, the Department of Health donated another 1,500 brochures, 200 posters and 5,000 condoms to the SEMED Project, since all those initially donated had been distributed. During the 4<sup>th</sup> Quarter, SEMED Project staff provided HIV/AIDS education to 30 entrepreneurs (18 males and 12 females) and 676 employees (375 males and 301 females), yielding a total of 1,490 beneficiaries (793 males and 697 females) who have received HIV/AIDS education to date.

## **8.0 COORDINATION**

During the 4<sup>th</sup> Quarter, five (5) coordination meetings were held between USAID/South Africa, EM&I and SEMED Project Staff. At the first meeting, held on July 5, 2001, USAID/South Africa's Mr. Dorvin Stockdale, then Acting Head, SO5, Mr. Eric Schaeffer, Financial Management Officer, Mr. Michael Klesh, Senior SMME Advisor, Ms. Jan Radcliff-King, Private Development Officer, and Mr. Ken Briggs, Voucher Examiner, met with EM&I's Mr. Jaime Reibel, Executive Vice President, and Mr. Mike Wood, Financial Manager, to review SEMED Project advances. All advances were found to be in good order.

The second meeting took place on July 16, 2001. Mr. Jerry Kryshnal, Regional Contracting Officer, USAID/South Africa, and Mr. Simon Aphane, EM&I Managing Director, met and signed an agreement extending the SEMED Project for one (1) year.

On July 26, 2001, Mr. Michael Klesh, Senior SMME Advisor, USAID/South Africa, met with Mr. Willie Höll, SEMED Chief-of-Party, to receive an original and two (2) copies of the SEMED Project 3<sup>rd</sup> Quarterly Report, FY'01.

The fourth coordination meeting took place on August 21, 2001, when Mr. Höll and Mr. Godfrey Khuvutlu, SEMED Business Linkages Manager, took USAID/South Africa's Mr. Henderson Patrick, Program Office Team Leader, and USAID/Kenya's Ms. Diana Putman, Food Security Office Director, on a site visit to meet SEMED Project clients based in Soweto and Devland.

On September 18, 2001, the final coordination meeting took place. Messrs. Aphane and Höll, along with USAID/South Africa's Mr. Dorvin Stockdale, Senior Agricultural Officer, and Mr. Bill Brands, Head, SO5, met with former U.S. Senator George McGovern and his entourage. The meeting included an on-site visit to SEMED Project client, Mr. Petrus Sirovha's business, Tshiawelo Chickens.

## 9.0 CONSTRAINTS AND SOLUTIONS

As reported in the first three (3) Quarterly reports, access to finance remains one of the most critical constraints to the SME sector. SEMED Project staff regularly experience serious difficulty with financial institutions, due to the time taken to approve applications for finance. The banks' bureaucratic systems and processes cause delays in implementation of clients' Business Plans, to the detriment of progress or the survival of the businesses. Currently banks take an average of over three (3) months to approve loans. Mr. Höll has met representatives from ABSA, Standard, Ned Enterprise and First National Bank to find a way to speed-up the loan process by preparing applications in each individual bank's format. In addition, SEMED staff members regularly call financial institutions to check on the progress made on their clients' applications.

A second challenge facing the SEMED Project also involves accessing finance. In the SEMED Project Proposal, targets of \$5,250,000 and \$750,000 were set for finance accessed (loans disbursed) for SMEs and additional financing made available (loan fund capitalization) for SMEs, respectively. Since funds are accessed and/or made available in Rand, because of the devaluation of the Rand, these targets have become increasingly difficult to reach. Whereas at project commencement the Rand equivalent of the \$750,000 target for additional financing made available to SMEs was R5,625,000 (exchange rate \$1 = R7.5), by the end of the 4<sup>th</sup> Quarter this had increased to R6,000,000 (exchange rate \$1 = R8.0), an increase of R375,000 or 6% of the original target amount. This trend is expected to continue in the 1<sup>st</sup> Quarter, FY '02. At the current exchange rate, the SEMED Project has achieved 41% of its targeted amount of finance accessed by SMEs and 63% of its targeted amount of additional financing made available to SMEs. If the currency had remained stable, these numbers would be 43% and 68%, respectively.

Although these numbers appear low, in the case of the amount of finance accessed by SMEs, the low percentage is largely due to the financial institutions' long processing time, as mentioned above. Currently, the SEMED Project has R65,478,000 (US\$8,184,750) of loan applications in the pipeline. If even 50% of these are realized, (and past performance indicates that 50% realization is a conservative estimate) the SEMED Project will exceed its target, despite the devaluation of the Rand.

In the case of additional finance made available to SMEs, low performance is primarily due to the fact that non-traditional RFIs in South Africa have performed abysmally. The government's initiatives have not been successful. Many have been closed down, and those still functioning are not doing well. Because of this track record, traditional sources of financing are reticent to earmark funds for these types of institutions. Although the SEMED Project will focus on the private sector as a source of additional SME funding (i.e. the R2,300,000 made available by GEA Process Technology and Webtrade Trading during this Quarter), it is recommended that USAID/South Africa discount this performance indicator. The SEMED Project will make formal request to this effect at a later date.

Facilitating linkages between South African SMEs and U.S. companies has also proved challenging, as historically disadvantaged SMEs tend to focus on the retail sales or service sectors, rather than on manufacturing. The capacity of the South African SMME sector to service U.S. companies is, therefore, very limited.

## 10.0 PROJECT PERFORMANCE INDICATORS

Chapter 10 presents a table listing the SEMED Project performance indicators and progress made for each indicator. The first set of columns (non-shaded) contains results achieved during this reporting period. In the second set of columns (shaded), cumulative total results are recorded.

Overall project performance has been very good. Over 100% of target values have been achieved on twelve (12) of the twenty-two (22) performance indicators for which targets were set. Areas of especially high performance include Forward Linkages (3,150%), Backward Linkages (37,433%), Entrepreneurship and Business Skills Strengthened (9,833% and 1,474,972% respectively) and SMME linkages to public enterprises (2,014%).

Several indicators show lower-than-expected performance. The SEMED Project has linked only three (3) SMEs with U.S. enterprises. This low number is attributable to three (3) factors: 1) the almost non-existent capacity of SEMED Project clients to export goods to the U.S., given the scale of their businesses; 2) the very limited number of U.S. companies operating in South Africa; and, 3) the inability of SEMED Project clients to import goods from the U.S., given the scale of their businesses and the current economic situation (strong Dollar, weak Rand). Linkages between black and white enterprises are also fewer than anticipated. However, the percentage of targeted black/white linkages achieved leaped from 28% to 84% during the 4<sup>th</sup> Quarter. The percentage of achieved 1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup> Tier Linkages also increased dramatically during the 4<sup>th</sup> Quarter, climbing from 28% to 44%. Improvement to existing products has accelerated from 50% to 70% for types of products, and from 20% to 32% for actual products improved.

Low performance for accessing finance is due to the length of time financial institutions take to process loan applications. From submission date to decision date, a loan application currently requires an average of three (3) months. The loan application pipeline stands at over R65,478,000 (US\$8,184,750), a value nearly double the target value in and of itself. Given the SEMED Project's recent performance, it is expected that over 50% of these pipeline loans will be approved.

In the case of additional finance made available to SMEs, low performance is primarily due to the fact that non-traditional RFIs in South Africa have performed abysmally. The government's RFI initiative through Khula Enterprise Finance Ltd. has not been successful. Many RFIs have been closed-down, and those still functioning are not doing well. Because of this track record, traditional sources of financing are reticent to earmark funds for these types of institutions. Because of this reticence, the SEMED Project has turned its focus towards the private sector as a source of additional SME funding (i.e. the R2,300,000 made available this Quarter by GEA Process Technology and Webtrade Trading). Through SEMED Project staff members' diligent efforts, the percentage of targeted additional financing made available to SMEs catapulted from 25% to 63% during the 4<sup>th</sup> Quarter.

Four (4) performance indicators are reported without target values: value of contracts sourced for clients; commercial subsidies obtained from the private sector for SEMED clients; employment opportunities facilitated; and, the number of HIV/AIDS education beneficiaries. Although these indicators were not included in the SEMED Project Proposal, they were added to SEMED Project reports, as they were considered important.

## **11.0 PROJECTED 1<sup>ST</sup> QUARTER, FY '02 ACTIVITIES**

### **11.1 SMME Markets Identified & Developed**

#### **October 2001**

- Identify 2 market sectors in which the SEMED Project's SMME clientele can work.
- Identify 2 market niches in which SMMEs can do business.
- Identify 10 companies with which SMMEs can form linkages.
- Establish 75 SMME forward linkages.
- Establish 50 SMME backward linkages.
- Establish 2 SMME/SMME linkages.
- Establish 5 SMME/large enterprise linkages.
- Establish 1 SMME/U. S. enterprise linkages.
- Establish 2 SMME/government linkages.
- Establish 5 SMME 1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup> tier linkages.
- Establish 7 SMME Black/White linkages.

#### **November 2001**

- Identify 3 market sectors in which the SEMED Project's SMME clientele can work.
- Identify 3 market niches in which SMMEs can do business.
- Identify 10 Companies with which SMMEs can form linkages.
- Establish 75 SMME forward linkages.
- Establish 50 SMME backward linkages.
- Establish 3 SMME/SMME linkages.
- Establish 5 SMME/large enterprise linkages.
- Establish 1 SMME/U. S. enterprise linkages.
- Establish 3 SMME/government linkages.
- Establish 5 SMME 1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup> tier linkages.
- Establish 8 SMME Black/White linkages.

#### **December 2001**

- Identify 3 market sectors in which the SEMED Project's SMME clientele can work.
- Identify 3 market niches in which SMMEs can do business.
- Identify 10 companies with which SMMEs can form linkages.
- Establish 75 SMME forward linkages.
- Establish 50 SMME backward linkages.
- Establish 3 SMME/SMME linkages.
- Establish 5 SMME/large enterprise linkages.
- Establish 1 SMME/U. S. enterprise linkages.
- Establish 3 SMME/government linkages.
- Establish 5 SMME 1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup> tier linkages.
- Establish 8 SMME Black/White linkages.



## **11.2 SMME Capacity to Respond to Market Opportunities Enhanced**

### **October 2001**

- 833 actual and future entrepreneurs receive training.
- 10 SMMEs receive business skills training.
- 1 type of existing product improved.
- 2 existing products improved.
- 1 new type of products developed.
- 1 new product developed.
- 1 SMME linked to public enterprises.

### **November 2001**

- 833 actual and future entrepreneurs receive training.
- 10 SMMEs receive business skills training.
- 1 type of existing product improved.
- 2 existing products improved.
- 1 new type of products developed.
- 1 new product developed.
- 1 SMME linked to public enterprises.

### **December 2001**

- 834 actual and future entrepreneurs receive training.
- 10 SMMEs receive business skills training.
- 1 type of existing product improved.
- 2 existing products improved.
- 1 new type of products developed.
- 1 new product developed.
- 1 SMME linked to public enterprises.

## **11.3 Increase SMME Access to Capital**

### **October 2001**

- 3 SMMEs access finance.
- \$50,000 in increased funding made available to SMMEs.
- \$300,000 of increased finance accessed by SMMEs.

### **November 2001**

- 3 SMMEs access finance.
- \$50,000 in increased funding made available to SMMEs.
- \$300,000 of increased finance accessed by SMMEs.

### **December 2001**

- 3 SMMEs access finance.
- \$50,000 in increased funding made available to SMMEs.
- \$300,000 of increased finance accessed by SMMEs.
- (1) 2<sup>nd</sup> tier & non-traditional financial institution offer SMMEs access to finance.



#### **11.4 Employment Opportunities Facilitated**

##### **October 2001**

- 60 employment opportunities facilitated.

##### **November 2001**

- 60 employment opportunities facilitated.

##### **December 2001**

- 60 employment opportunities facilitated.

#### **11.5 HIV/AIDS Education**

##### **October 2001**

- 75 SEMED Project beneficiaries receive HIV/AIDS education.

##### **November 2001**

- 75 SEMED Project beneficiaries receive HIV/AIDS education.

##### **December 2001**

- 75 SEMED Project beneficiaries receive HIV/AIDS education.

## **12.0 FINANCIAL STATEMENTS**

Chapter 11 includes a Financial Statement and an estimate of the Level Of Effort and money expended on each major project activity during the Quarter, as follows: a) the Quarterly Financial Summary, 4<sup>th</sup> Quarter FY '01, 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.

Out of the \$750,000 awarded to the SEMED Project in FY'01, \$220,720 (29%) was spent during the 4<sup>th</sup> Quarter, bringing the total spending to-date to \$700,983 (93%). The remaining \$49,017 will be used by October 15, 2001, bringing SEMED Project spending at the end of its first year to the total amount budgeted for FY'01.