
THE SMALL ENTERPRISE
FOUNDATION

MANAGEMENT REVIEW

30 JUNE 2009

“SEF has changed my life. Life is good now and my children, nieces and nephews are able to go to school. I now own a brick house but my biggest gain and what really makes me rich, is my ability to help others”.

Paulinah Ramaesela Mokgawa (SEF Client)

**THE SMALL ENTERPRISE FOUNDATION
(AN ASSOCIATION INCORPORATED UNDER SECTION 21 OF THE COMPANIES ACT)
MANAGEMENT REVIEW
FOR THE YEAR ENDED 30 JUNE 2009**

Summary of Performance

The Small Enterprise Foundation, SEF, is a non-profit, non-government organisation dedicated to ending poverty. The organisation was registered in July 1991 and disbursed its first loans in January 1992. The following is a summary of performance:

Indicator	June 2009	June 2008	June 2007
Number of active clients	57 425	50 319	41 295
% Women Clients	99%	99%	99%
Value of Loans Outstanding	R 89.97 million ¹	R 70.8 million	R 49.9 million
Current Average Loan Size Disbursed	R 2 023	R 1 715	R 1 592
Number of Loans disbursed since inception	592 013	468 705	364 827
Amount disbursed since inception	R 853 million	R626 million	R467 million
Bad Debts as % of annual disbursements	0.3%	0.3%	0.2%
Bad Debts as % of average Principal Outstanding	1.0%	1.0%	0.7%
Portfolio at risk > 30 days ²	0.3%	0.2%	0.3%
Current Re-scheduled loans (due to illness)	R 306 785	R 320 422	R 339 411
Death write-offs	R442 040	R 337 159	R 246 911
Total Savings held by clients	R 11.9 million	R 9.5 million	R 6.4 million
Total staff at year end	373	255	250
Total operations staff at year end	315	214	211
Clients per loan officer	213	284	261
Clients per staff member	154	199	165
Operational self-sufficiency ³	86%	96%	98%
Financial self-sufficiency ⁴	86%	95%	97%

¹ At the close of the financial year the Rand/US\$ exchange rate stood at R8.0241 = US\$1.00

² Portfolio at risk > 30 days = Balance of all loans in which any part of any instalment is more than 30 days in arrears / Balance of all loans

³ Operational self sufficiency = Total Financial Revenue / (Finance Expense + Loan Loss Provision + Operating Expense)

⁴ Financial self sufficiency = Total Financial Revenue / (Finance Expense + Loan Loss Provision + Operating Expense + an adjustment which assumes all borrowings are at the prime lending rate)

Introduction

The Small Enterprise Foundation is a growing development organization.

Values

We believe in :

Respect for all

Having positive impact on the lives of our stakeholders

Striving for operational efficiency and self-sufficiency

Mission

To work aggressively towards the elimination of poverty by reaching the poor and *very poor* with a range of financial services to enable them to realise their potential.

Vision

A world free of poverty

Highlights 2009

SEF achieves top class world Social Rating

SEF received an excellent α (Alpha) Social Rating from the independent, international microfinance rating firm M-CRIL, Micro-credit Ratings International Limited. M-CRIL <http://www.m-cril.com/> is the world's leading microfinance rating agency and has done over 480 financial and social ratings in 27 countries.

Annual loan disbursements exceed R200 million

The total amount disbursed in the year exceeded the R200 million milestone with a total of R226 million being disbursed.

SEF receives an international award

In March 2009 SEF was awarded the "Innovation award" by the International Center for Research on Women, ICRW, in Washington DC. SEF received the award for its outstanding contribution in empowering women.

SEF attains PBO Status

In May 2009 SEF was granted Public Benefit Organisation, PBO, status. The benefits of attaining this status are that when SEF achieves an operating surplus then this will not be taxable. Secondly, any donations to SEF will be tax deductible in the hands of the donor.

BACKGROUND TO THE SMALL ENTERPRISE FOUNDATION

The Small Enterprise Foundation, SEF, was established with a mission to fight poverty in a sustainable manner. This is done by enabling the poor to increase their income through microcredit for self-employment and by assisting them in the accumulation of savings. SEF began operations in 1992 and since then has cumulatively disbursed 592 013 loans to the value of R 853 million to very poor people, 99% of whom were women.

The organisation is now located in four of South Africa's provinces, namely, Limpopo Province, the most northerly province, Mpumalanga Province to the east of Johannesburg, North West Province, and the coastal Eastern Cape Province. The Limpopo and Eastern Cape provinces have the highest proportion of poor in the country with 77% and 72% of their populations living below the poverty income line, respectively.⁵ The areas of Mpumalanga and North West Province in which SEF works are characterised by similar poverty.

As the organisation's mission statement suggests, SEF works to reach the poor. In 1996, the organisation started a special program to target the *very poor* – those from households whose income is less than half the poverty line⁶. As a consequence the organisation now has two programs, MCP, which aims to work with poor people who have an existing micro-business and TCP which specifically targets women from households which are below half the poverty line. TCP makes up 72% and MCP 28% of SEF's total of 57 425 active clients.

Methodology

The following is a brief summary of the credit, savings and support methodology.

SEF starts working in a community by first identifying the poorest households through Participatory Wealth Ranking (PWR). Thereafter, field staff go to these households to motivate the women to start an income generating activity. In other cases where a previous micro-business had collapsed the women are encouraged to resume that enterprise. The motivation provided by the field staff, combined with access to a small loan is often all the *very poor* need to launch an income generating activity or micro-enterprise.

While the poor may be motivated to start a micro-business one of their biggest hurdles is the lack of money to do so. It is here that SEF utilises the approach pioneered by the Grameen Bank of Bangladesh to provide microcredit for micro-enterprise.

A very poor person who wishes to access SEF's services is required to form a group with four others whom she knows very well and trusts. Each of the five must wish to obtain a loan for their own individual business. The five group members are then required to guarantee each others' payments. No other collateral is required. SEF's loans are only for enterprise and a series of checks are in place to ensure that loans are not diverted for other purposes.

The graph of Business Value, on page 11 illustrates how successful clients are at starting and growing their businesses. This graph shows the average business assets of clients before each loan cycle. For example, before the first loan the average business value of clients is less than R100 (\$12) whereas by the beginning of the fourth loan cycle this has grown to an average of R1700 (\$211).

⁵ "Fact Sheet, Poverty in South Africa", Fact Sheet No.1, 26 July 2004, Human Sciences Research Council

⁶ The "household subsistence level" is used as the poverty line. In 2001, this stood at R920 (\$121) per family of five per month.

SAVINGS

In terms of South African law SEF may not take deposits so instead of providing a direct savings service the organisation strongly motivates its clients to save with a formal banking institution. This is done by providing training on how to open and operate a formal savings account and then motivating clients to save at each of their fortnightly meetings.

Due to its extensive outreach in rural areas the majority of SEF's clients deposit their savings at the Post Bank while the remainder utilize Nedbank. As at the end of the financial year the sum of savings as held by clients in their Post Bank or Nedbank accounts amounted to R 11.9 million.

OPERATIONAL PERFORMANCE REVIEW

Global Recession

South Africa has been touched by the global recession with the country entering its first recession in 17 years and unemployment increasing from 21.9% in the last quarter of 2008 to 23.6% in the second quarter of 2009.

At the time of writing it is still not clear if SEF's clients have been significantly affected by the recession or not. The discussion below shows that portfolio at risk and bad debt write-offs were at similar levels to those of the past few years. The first half of the 2009 calendar year, however, saw slightly higher client exits than have been experienced for some years with the exit rate reaching a seasonal high of 24% in June 2009 versus 21% in June 2008. The last six months also saw the growth in the number of clients being slightly below that expected.

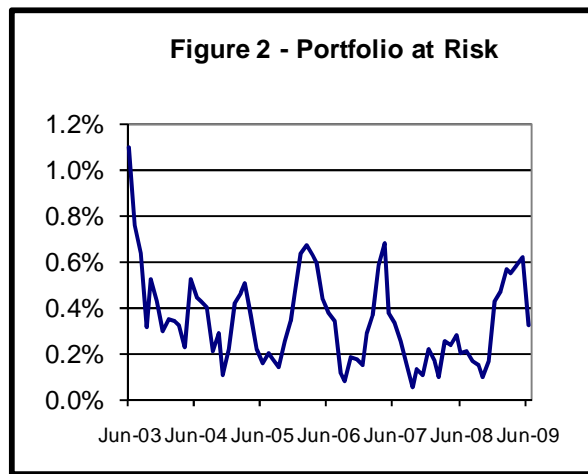
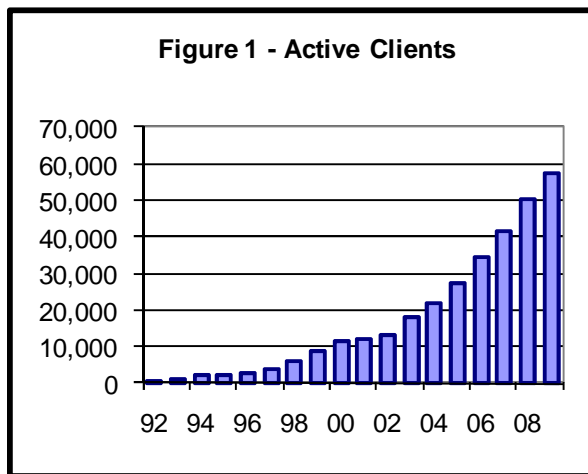
What makes it difficult to attribute the higher exits and slower growth to the recession is that during the same period the organisation increased its number of branches by 46% growing from 26 to 38 branches. It appears that this significant growth led to some "growing pains" as less experienced staff took on bigger challenges. Again, over the same period at least one other not-for-profit microfinance organisation significantly expanded their operations in areas where SEF has been working for many years. The combination of these factors occurring during the same period make it difficult to easily attribute any changes in performance to one or other of these factors.

Apart from the impact of the recession on clients at least one of SEF's major suppliers of finance was not able to lower the rate that it charges the organisation due to their own higher cost of capital. So far this seems to only be affecting this one lender.

Growth

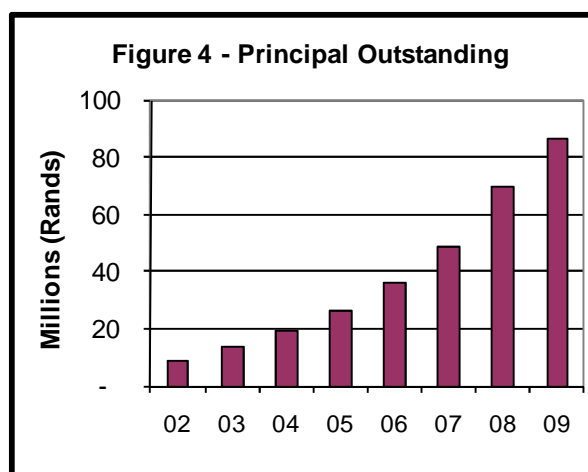
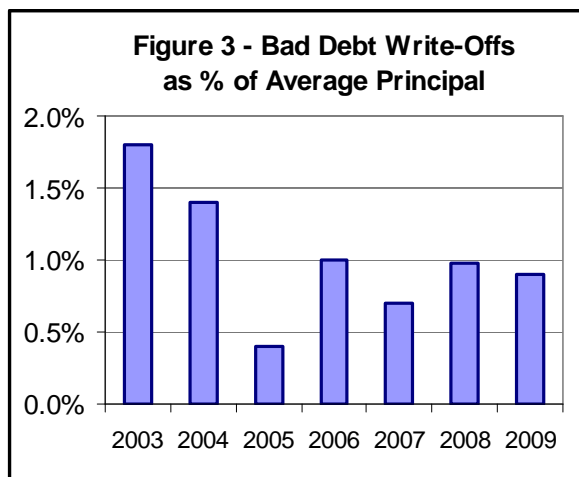
This year SEF continued its focus on expansion with operations starting in the Eastern Cape, Mpumalanga and North-West Provinces. SEF now operates seven branches in the Eastern Cape in rural villages between Butterworth and Mthatha. In the North-West operations are located in the villages around Hammanskraal, Maubane, Winterveld, Moses Kotane Municipality, Marbieskraal and Sun City. Operations have also started in villages around Acornhoek in Mpumalanga. In all 12 new branches were opened in the financial year, six in the Eastern Cape Province, five in the North-West Province and one in Mpumalanga. SEF now has 38 branches.

By the end of the financial year the organisation was actively serving 57 425 clients, 10 753 of these clients are youth between 18 to 35 years old. The graph below illustrates the growth since inception. On a compounded basis SEF has cumulatively grown by more than 23 % per annum for each of the past 7 years.



Portfolio at Risk

I am pleased to report that this was once again a strong year in terms of the arrears and portfolio at risk performance. The portfolio at risk over 30 days remained below 0.7% throughout the financial year. This is illustrated in Figure 2 above.



Bad debt Performance

SEF has a very strict bad debt write-off policy with loans being declared not recoverable as soon as any part of any instalment is more than 90 days in arrears. Despite this tough approach Figure 3 illustrates how well the organisation has done in terms of bad debt performance. This year bad debts as a percentage of annual disbursements amounted to just 0.3%, or 0.9% when expressed as a percentage of the average principal outstanding for the year⁷.

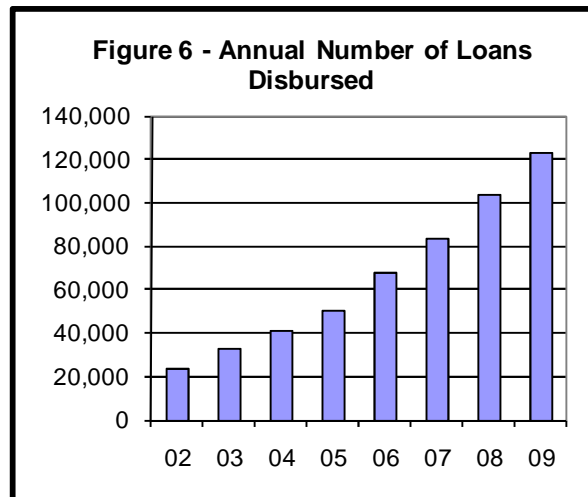
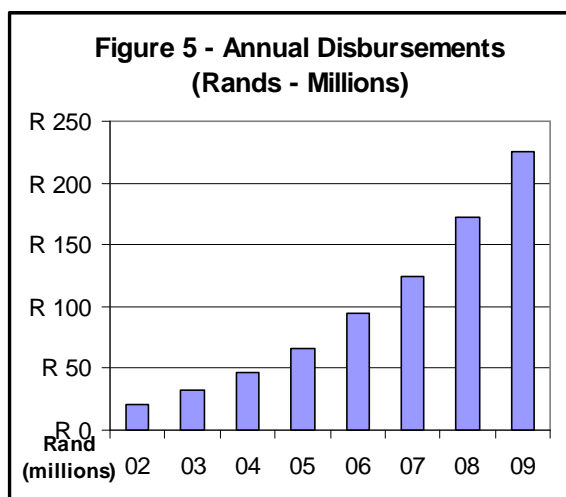
⁷ "The Bad Debt ratios do not include Death Write-off losses. Should these have been included the ratios would have been 0.5% for Bad Debts as a % of annual disbursements and 1.6% for Bad Debts as a % of average Principal Outstanding".

Principal Outstanding

Over this financial year principal outstanding grew by 24% to R89.97 million. This growth in principal may be seen in Figure 4 above.

Disbursement Activity

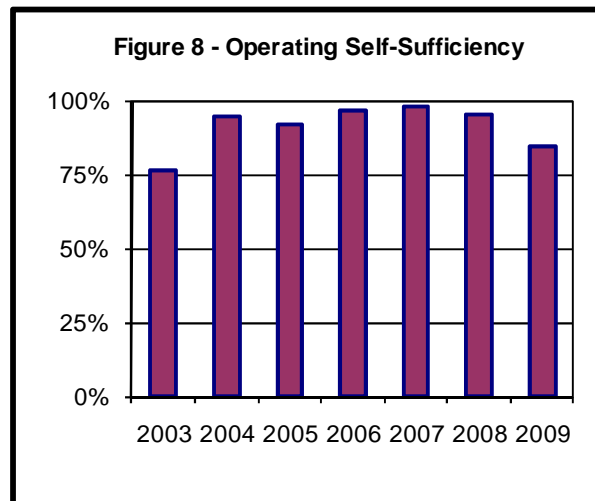
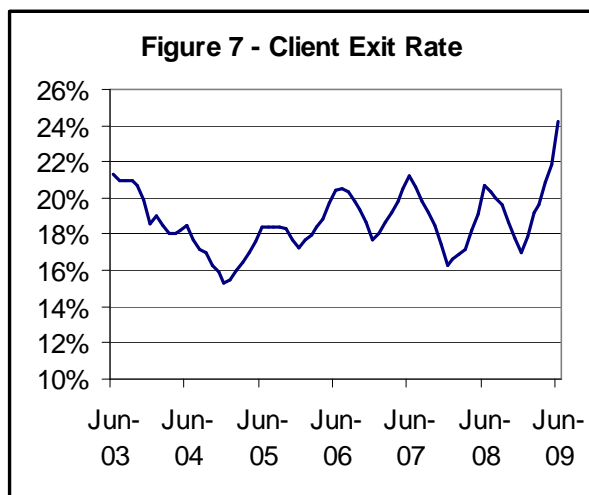
The vast majority of loans are repaid over six months thus when considering SEF's performance it is wise to look not only at the principal outstanding but also the disbursement activity. The following graphs, Figures 5 and 6, indicate how substantial this activity is, both in terms of the amount and number of loans disbursed.



Operational Challenge – Client Exits

Figure 7 below illustrates the client exit or drop-out rate. It will be seen that this has a cyclical nature with the highpoint coinciding with the financial year-end. The exit rate currently stands at 24% which is the highest that it has been for several years. We continue to investigate the reasons for this increase in exits. Possible causes appear to be a slight decline in the quality of client service – partly a consequence of the “growing pains” associated with the 46% increase in the number of branches in the year – and possibly some over-indebtedness of clients as a result of other non-profit microfinance organisations beginning to operate in areas that SEF has been working in for many years.

The organisation is taking all measures to improve the client retention.



Operational Self-Sufficiency

The organisation's financial performance in terms of operational self-sufficiency, the ratio of all operating income (loan plus investment income) to all operating expenses, including finance costs and loan loss provisions, stood at 85% for the year. Financial self-sufficiency⁸ also came to 85%. The drop in sustainability to below 90% is due to the 46% growth in the number of branches in this financial year, with 12 new branches being opened. While the cost of investing in new branches is high this investment will enable strong expansion in future years. For example, even if SEF were not to open any new branches in the 2010 financial year then growth in existing branches at growth rates similar to that of previous years would result in an organisation wide 20% increase in the number of clients.

As will be seen from Figure 8 above, prior to this financial year SEF has maintained its operational self-sufficiency above 90% since 2004. In fact, the organisation attained 100% operational self-sufficiency for the financial year to September 2004 but since then has continued a strategy of constant growth. Naturally growth implies additional investment, additional costs, before the income from the growth is seen. While the organisation's strategy is to balance growth and self-sufficiency in the coming financial year the organisation will take steps to ensure that self-sufficiency rises to 97%. In the 2011 financial year breakeven, or 100% self-sufficiency, is expected to be achieved or exceeded.

HUMAN RESOURCES AND TRAINING

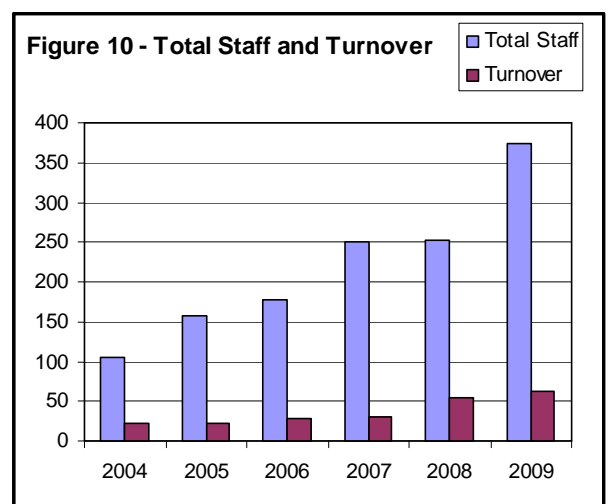
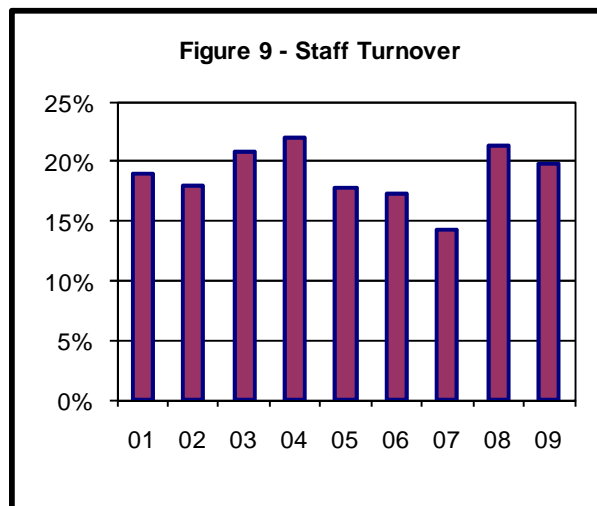
At the end of June 2009 SEF employed a total of 373 employees of which 315 were operations staff. The total number of employees increased by an impressive 46%.

Figures 9 and 10 show the organisation's increase in the total number of staff as well as the staff turnover for past years. At face value the current staff turnover of 20% looks somewhat quite alarming. If, however, we take into consideration that 50% of the terminations were due to corrective action it does put this into perspective. We continue to keep monitoring staff turnover closely and making all efforts to reduce this as far as possible.

⁸ See definitions of these terms at the foot of page 1.

On a positive note we acknowledge the effort of our training department to continuously deliver the required number of staff to support our considerable increase in the number of branches.

SEF utilizes a formal internal program for the training of new field staff. This is further supported through selected external programs to enhance management effectiveness.



P.R.I.D.E (formerly Research & Development) Department

During the financial year, the Research and Development Department underwent significant changes aimed at professionalizing the department and strengthening SEF’s Social Performance Management, SPM, systems. In terms of staffing the department grew to three permanent, one temporary and one part-time staff member as well as two interns. The aim of this growth was to reduce turnover and improve the quality of output from the department. Departmental management systems and processes were formalized and preparations to implement specific projects in the 2009/2010 financial year were made. In accordance with these changes, the Department was re-named the P.R.I.D.E (Progress, Research, Innovation, Development and Efficiency) Department to reflect its full responsibilities of constantly reflecting on and making improvements to operations and SEF as a whole.

Major accomplishments of the financial year included the conclusion of two pilot projects as well as hosting of the Imp-Act Consortium Global Learning Program meeting and the completion of SEF’s social rating.

SEF began piloting a change in its staff incentive scheme in November 2007 which placed more emphasis on preventing and reducing client exit rates. Though client exit rates improved in some areas, fraudulent activities meant the pilot had to be cancelled. Another pilot allowing field staff to accept clients deemed “too wealthy” for the program by the Participatory Wealth Ranking, PWR, process became operational policy by the end of the financial year.

In August 2008 SEF hosted the second meeting of the Imp-Act Consortium Global Learning Program on social performance management. This is an international group of seven microfinance organisations from six countries working together with three microfinance research institutions dedicated to understanding and implementing social performance management.

**THE SMALL ENTERPRISE FOUNDATION
(AN ASSOCIATION INCORPORATED UNDER SECTION 21 OF THE COMPANIES ACT)
MANAGEMENT REVIEW
FOR THE YEAR ENDED 30 JUNE 2009**

In February 2009 Microcredit Rating International Limited (M-CRIL) completed SEF's first social rating for which it received an alpha grade – the second highest possible – indicating very good SPM systems and adherence to a social mission. M-CRIL is the first credit rating agency in the world to offer a social rating and has completed 480 credit and social ratings to date. Very much like a credit rating's assessment of an MFI's financial performance, a social rating is an independent assessment of the organization's social performance. Its primary aim is to evaluate the effectiveness of the MFI's systems and processes in reaching its social goals.

The PRIDE Department's work in the upcoming financial year will mainly focus on improving SEF's existing management systems and products so as to enhance its social impact.

INFORMATION TECHNOLOGY SYSTEMS

SEF's Information Technology Systems are continuously being improved to better support the organisation's mission and growth.

The key areas that received attention this fiscal year are as follows:

1. *MIS Project;*

SEG-Data (South Africa) was selected to provide SEF with an MIS solution. Initial project scoping and process documentation has been completed. At the time of writing, we are at the pre-test phase with much effort being devoted toward the detailed documentation and adaptation of current processes to better support the testing and parallel-run stages of the project.

2. *IT Network Infrastructure;*

SEF's internal computer network has grown considerably to keep up with the demand for computing resources used by support services and has subsequently outgrown the current Microsoft Small Business Server platform. Migration to the next platform tier will be completed by the end of September 2009.

3. *Management Mobility;*

SEF's senior management team has been provided with greater mobility and remote access capability with the adoption of HSDPA connectivity and centrally managed data services.

While these areas are some of the current highlights, SEF is continually striving to improve the efficiency and cost effectiveness of its IT systems to achieve the organisation's goal of serving the poor to the best of its ability.

QUALITY ASSURANCE

The purpose of the department is to ensure that:

- All activities in the organisation are performed according to internal policies and procedures.
- Corrupt and/or fraudulent activities are prevented, identified and reported on.
- Special assignments as may be requested by senior managers are executed.
- Weaknesses/threats to the organization are identified, and preventative measures are recommended.
- The overall service to our clients, the very poor, is of high quality.

By end of June 2009, the Quality Assurance department had completed 60 routine and follow-up audits of SEF’s branches, as well as six other special assignments.

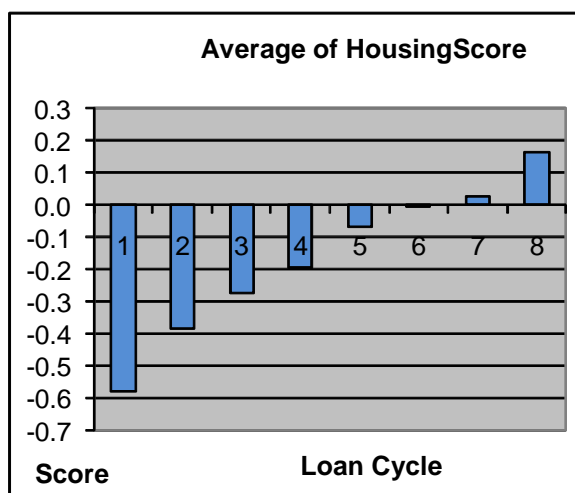
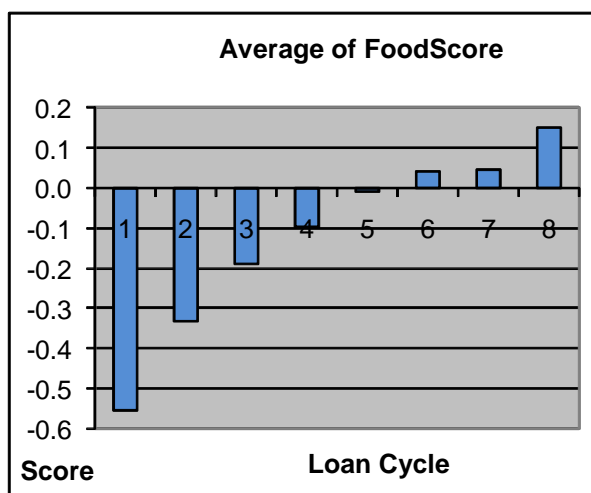
A rating system has been introduced into our operations. This system seeks to evaluate and compare the compliance levels of branch activities against the internal policies and procedures, and in the long run helps managers identify and deal with challenges on quality issues. To further enhance portfolio quality, this system is built into the incentive scheme for Branch Managers.

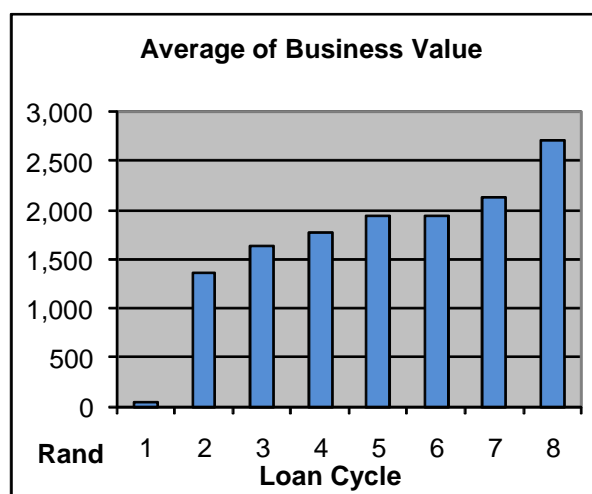
IMPACT

SEF does not just see microfinance as a simple process of people taking and repaying loans or using convenient, low cost savings instruments. For SEF microfinance is about whether people utilise such opportunities to improve the lives of their families and ultimately move out of poverty. Thus SEF is not only concerned about its own operational efficiency and sustainability but whether its work has a positive impact on the lives of those with whom it works.

SEF uses an impact monitoring system to check, measure and understand the impact of the program on an ongoing basis. Using a participatory methodology, each client is interviewed on a number of key impact indicators before each loan cycle. This understanding not only informs SEF whether it is attaining its goal of positive impact but also provides information on how to improve performance to ensure better impact, and consequently improve operational and financial performance.

The following graphs illustrate outputs from the impact monitoring system for the quarter ending 30 June 2009. The first graphs were compiled from interviews with clients about their own perceptions of the quality and quantity of food consumption in their households and the quality of their housing. Their responses are allocated scores on a scale of -2 to +2 and the graphs display the aggregate responses at the start of successive loan cycles. The third graph displays the actual measured value of business assets, again collected prior to successive loan cycles.





HIV/AIDS AND MICROFINANCE PILOT PROJECT

IMAGE Project (Intervention with Microfinance for AIDS and Gender Equity)

The IMAGE project, Intervention with Microfinance for AIDS and Gender Equity, is a community-based intervention that works in partnership with SEF. The two organisations are now entering their ninth year of partnership.

This program combines SEF's microcredit with a 12-15 month gender and HIV training curriculum, known as Sisters for Life. The purpose of the IMAGE Project is to improve the economic well-being and independence of communities, reduce vulnerability to both HIV and gender-based violence, and foster robust community mobilization to address the key drivers of the HIV pandemic.

The training is divided into two phases. Phase I comprises of a structured series of 10 one-hour training sessions based on principles of Participatory Learning and Action (PLA). Topics include gender roles, gender inequality and cultural beliefs, sexuality and relationships, and domestic violence, as well as topics relating to HIV prevention. Specially trained facilitators implement this phase. At the end of Phase I, women from each SEF centre are required to elect women whom they feel can make good leaders and can lead their centre in community mobilization to address gender-based violence and HIV. These leaders are then trained and during Phase II they lead an open-ended program that aims to support participants in developing and implementing responses to gender-based violence and HIV infection that are appropriate to their own communities.

Impact assessment from the IMAGE pilot programme (2001-2004) has demonstrated that after two years of exposure, the intervention has the following effects:

- Shifts in economic well-being including consistent positive shifts in financial confidence, perceived household economic well-being, assets and expenditure.
- Changes in livelihood security including a 70% increase in the proportion of participants making improvements to their household, a 50% increase in food security, consistent improvements in the availability of resources for basic needs

**THE SMALL ENTERPRISE FOUNDATION
(AN ASSOCIATION INCORPORATED UNDER SECTION 21 OF THE COMPANIES ACT)
MANAGEMENT REVIEW
FOR THE YEAR ENDED 30 JUNE 2009**

including clothing, basic household items, school fees/uniforms, and money for health care.

- Changes in numerous dimensions of empowerment including self confidence, autonomy in decision making, better relationships with partners and other household members, and improved communication.
- A 55% reduction in the levels of intimate partner violence.

All IMAGE publications could be accessed through the following links:
<http://sef.co.za/content/image-study> or
<http://web.wits.ac.za/Academic/Health/PublicHealth/Radar/SocialInterventions/InterventionwithMicrofinanceforAIDSGenderEquity.htm>

During the financial year IMAGE operated in four branches namely; Burgersfort, Zebediela, Mokopane and Fetakgomo. A total of 6 905 households have been trained to date and 3 180 clients from Mokopane and Fetakgomo branches are currently in training.

This year again saw a number of community activities organised by clients. These included working with youth, providing health talks regarding safer sex practices, teenage pregnancy, HIV/AIDS related issues and providing support and advice where necessary. Below are some of the highlights;

- In a number of areas client leaders and IMAGE trainers conducted an HIV awareness campaign in local schools, youth groups and churches societies.
- Women within centres formed counselling teams to provide counselling and support to survivors of domestic violence in the community.
- Continued support of rape victims by natural leaders in the village of Ga-Motodi through a rape committee that was established in 2003. The women assist sexually assaulted victims to access post-rape services from the hospital, clinic and police station.
- As part of ongoing community mobilization activities, in partnership with IMAGE trainers and the Moshira Home Based Care group, natural leaders from Moshira centre are assisting with providing home-based care services to the local community.
- Clients from Botheshoek village are working with orphans and the elderly to assist them in accessing social grants.
- IMAGE trainers have supported the establishment of a fitness group for elderly women in Zebediela area.
- At the Anglo Platimun supported Mosesatjane clinic IMAGE trainers have provided health talks and support to the clinic's gardening project.
- An HIV/AIDS support group has been established in Mandagshoek which makes home visits to the local miners' households to provide information on HIV/AIDS.
- IMAGE trainers have designed and implemented a short training program for Driekop mine workers on leadership and women empowerment.

In the next financial year IMAGE plans to intensify its community engagement by supporting its natural leaders in community mobilisation and through expansion to a new branch IMAGE will roll out the training program to a further 1800 households.

FUNDING

I wish to use this opportunity to recognise our donors and to sincerely thank them on behalf of the organisation and our clients who have used the possibility provided by these funders to transform the lives of their families. I wish to humbly note that our work and achievements would not have

**THE SMALL ENTERPRISE FOUNDATION
(AN ASSOCIATION INCORPORATED UNDER SECTION 21 OF THE COMPANIES ACT)
MANAGEMENT REVIEW
FOR THE YEAR ENDED 30 JUNE 2009**

been possible if it were not for the support of these donors. These funders share SEF's belief that microfinance can assist the poorest to improve their livelihood and through their financial support they contribute to the alleviation of poverty through microfinance.

During the past financial year the following donors provided operational grants:

- Old Mutual, through its Masisizane Fund
- Hivos
- Health Systems Development Unit (H.S.D.U.)
- Small Enterprise Education

The following donors provided capital grants:

- Old Mutual, through its Masisizane Fund
- Hivos
- Coutts & Co through Charities Aid Foundation
- The International Alliance for Women (TIAW)
- Robert Gailey

SEF funds its loan book through loan facilities from the following organisations and individuals. While these loans are mainly provided on a commercial basis it must be recognised that, like SEF, all of these funders also strive to attain a double bottom-line of social and investment return.

Table of borrowings:

<u>Name of Lender</u>	<u>Amount in Rand</u>	<u>% of total borrowings</u>
Hivos-Triodos and Triodos-Doen	21,750,000	30%
Khula Enterprise Finance Limited	19,655,962	27%
Swedfund	10,414,630	15%
Oikocredit	7,575,000	11%
Standard Bank	7,500,000	10%
Tembeka Social Investment Ltd	1,280,200	2%
Genesis Steel	1,115,000	2%
Teba ⁹	761,853	1%
Sentinel Steel	635,000	1%
GJO Marincowitz	563,300	1%
ABSA	213,957	0%
Dr. M Vintges	146,294	0%
Total	71,611,196	100%

The organisation wishes to thank these agencies and individuals for their excellent ongoing service and support. Without them the lives of 57 400 formerly very poor South Africans would not have been as hopeful as they are today.

EXPANSION PLANS

Strategically SEF is determined to continue to take its services to all of South Africa's provinces and to reach 350,000 clients by 2019. It will also now focus on improving its operational self-

⁹ While the facility provided by Teba expired in July 2009, ABSA continues to provide SEF with a revolving facility of up to R5 million where the guarantee is provided by Thembeni International Fund.

**THE SMALL ENTERPRISE FOUNDATION
(AN ASSOCIATION INCORPORATED UNDER SECTION 21 OF THE COMPANIES ACT)
MANAGEMENT REVIEW
FOR THE YEAR ENDED 30 JUNE 2009**

sufficiency from the current 85% to 97% by June 2010 and thereafter ensure that self-sufficiency remains above 100%.

The following table summarises the organisation's medium term objectives:

KEY OBJECTIVES	June 2010	June 2011	June 2012	June 2013	June 2014
# Active Clients	72,275	90,471	109,333	127,146	150,671
Principal Outstanding	R 116 million	R157 million	R209 million	R267 million	R348 million
Operational Self Sufficiency	97%	104%	111%	116%	122%

DIRECTORS

I would like to thank all board members; Matome Malatji (Chair), Sanjay Doshi, Charmaine Groves, Marie Kirsten, Mutle Mogase, Modise Motloba, Olivia van Rooyen and Sizeka Rensburg for their continued leadership, guidance and support during the past year.

SEF's board conduct their work with the organisation on an entirely voluntary basis and yet are totally committed to ensuring that the organisation remains true to its mission and to achieving success in terms of that mission. I truly appreciate the time that they take from their own lives and from their families to ensure that SEF is successful in its struggle to end poverty.

THE CONTRIBUTION OF SEF's STAFF

In December of each year the organisation recognises the outstanding performances of staff. This year's best performers were:

Best Branch Manager:	Goodluck Ngobeni
Best Branch Manager- 1st runner up:	Dolly Modika
Best Development Facilitators:	Gladys Mamushiana Mihloti Marivate Edward Khosa Euphilia Mbhalati Grace Maredi
Best Development Facilitators- 1st runner up:	Linah Modipane Rachel Maimela Charles Phokongwane Colbert Baloyi
Best Support Staff	Jimmy Sape
Best Support Staff- 1st runner up:	Selaelo Maselesele

On behalf of the Board of Directors and the organisation as a whole, I would like to congratulate all of these staff members for their excellent achievements and contributions to our work.

**THE SMALL ENTERPRISE FOUNDATION
(AN ASSOCIATION INCORPORATED UNDER SECTION 21 OF THE COMPANIES ACT)
MANAGEMENT REVIEW
FOR THE YEAR ENDED 30 JUNE 2009**

I wish to underline my gratitude to all of SEF's staff for their hard work, their determination to see the organisation succeed and their continued efforts to ensure that the poor overcome poverty.

A handwritten signature in black ink, appearing to read 'John de Wit', with a long horizontal flourish extending to the right.

John de Wit
Managing Director