



**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



## MEMORANDUM

Reference No: PME/7/30/14

Enquiries: Nonceba Mashalaba

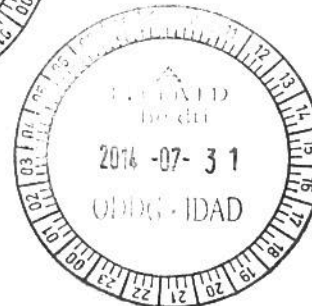
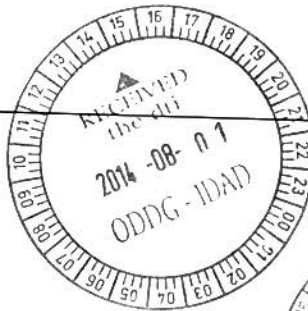
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**TO: DIRECTOR GENERAL: the dti**  
**Mr. LIONEL OCTOBER**

**SUBJECT: MANAGEMENT RESPONSE FOR THE EXPORT MARKETING AND  
INVESTMENT (EMIA) IMPLEMENTATION EVALUATION STUDY**

### 1. PURPOSE

To request the DG to endorse the Management Response for the EMIA Evaluation study.

### 2. BACKGROUND

As part of the National Evaluation Plan approved by Cabinet, **the dti** and the Department of Monitoring Evaluation (DPME) commissioned DNA Economics to conduct an EMIA Implementation Evaluation study during the 13/14 financial year. The study has been completed and the Findings and Recommendations have been presented to and endorsed by the Steering committee, and the Management Response has been developed thereafter. The next step is to present Management Response to **the dti** ExBo.

The plan is to present Management Response for the EMIA and SPII Evaluation studies during the next ExBo meeting. In the interest of time and coordination, the Director General is requested to endorse the attached Management Response subject to ExBo presentation and comments. This will assist in fast-tracking the DPME process for all National Evaluation Plan evaluations, which requires presentation of the Findings and

Recommendations for both studies to ExBo before the next steps that include presentation to the Economic Cluster and later Cabinet.

### 3. RECOMMENDATION

It is recommended that the DG approves and endorse the attached Management Response subject to ExBo presentation and comments.

#### REQUESTED BY:

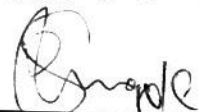


Name : Nonceba Mashalaba

Rank : CD and Chairperson EMIA Steering Committee

Unit : PME

Date : 31 July 2014



Name : Susan Mangole

Rank : Acting Deputy Director General

Unit : IDAD

Date : 31/07/2014

Recommendation: Supported / ~~Not Supported~~



Name : Lionel October

Rank : Director General

Unit : the dti

Date : 31.07.14

Recommendation: Approved / ~~Not Approved~~

## Annexure 1: Management Response

### Implementation Evaluation of the Export Marketing and Investment Incentive (EMIA) Programme

Area of improvement	Summary recommendation	Detailed implementation recommendation	Record of Agreement/ Disagreement	Reasons for Disagreement if in disagreement
Improve the process	1. Establish electronic monitoring system and processes	1.1 Increase use of electronic systems to capture firm information, applications and disbursement	Agree	The on-going Integrated Electronic Management System (IEMS) will cover this recommendation
		1.2 Ensure system uses unique identifier (e.g. SARS tax number) for each firm applying	Agree	The on-going IEMS will cover this recommendation
		1.3 Ensure system captures the same information across all incentives	Agree	The on-going IEMS will cover this recommendation
		1.4 Ensure administrative staff for different incentives have access to single system database	Agree	The on-going IEMS will cover this recommendation
	2. Improve adherence to procedural guidelines	2.1 Administrative staff should reject applications if outside of stipulated timeframes or do not have required documentation	Agree	Develop Standard Operating Procedure (SOP) on how to handle deviations from the guidelines and appeals.
		2.2 Firms should not be allowed to access incentives more than stipulated guidelines provide for	Agree	Develop SOP on how to handle deviations from the guidelines and appeals.
		2.3 Firms wasting EMIA resources should be prohibited from utilising incentives in future or penalised financially (e.g. firms that cancel attendance after event has been paid for)	Agree	Develop SOP on how to handle deviations from the guidelines and appeals.
	3. Focus on selection of export-ready firms	3.1 EMIA staff and adjudication committee should fully adhere to criteria around export readiness for ALL firms	Agree	the dti is implementing the National Export Development Programme (NEDP) which aims to identify and develop emerging exporters. This is an on-going process and in future, EMIA will fund only certified export ready entities. Export Development Unit is working with all the stakeholders (PIPA's, Provinces and municipalities and e.t.c)



Refine the programme	4. Rationalise offerings and categories of firms	3.2 Agencies and units within and outside of the DTI (such as SEDA and the NEDP) should develop a pool of export-ready emerging firms which meet EMIA's export ready criteria	Agree	Database of export ready entities has to be established in collaboration with external stakeholders
		3.3 Firms that do not meet export ready criteria should be directed to other assistance e.g. NEDP	Agree	All rejected companies are currently referred to NEDP which is presented in the EMIA adjudication committee.
		4.1 Little-used incentives should be removed with resources directed to other incentives	Agree	All EMIA schemes including low demand schemes are under one budget line.
		4.2 Unify the definitions for firms qualifying as emerging exporters and HDI firms - only export-ready HDI firms should qualify for incentives	Agree with standardising the definitions for firms qualifying as emerging exporters and HDI firms  Disagree with "only export-ready HDI firms should qualify for incentives"	Currently emerging exporters are defined as entities with an annual turnover of less than R5 million and have never exported before.  In future NEDP will provide a standardised definition of HDI and emerging exporters  EMIA to consider all export ready firms and additional points to be provided to HDI export ready firms.

		4.3 Remove specific offerings for emerging exporters (e.g. SSAS emerging exporters incentive) since these firms are already provided with larger incentives under other EMIA incentives as HDI applicants	Disagree	SSAS has three focus areas a) Generic Funding for Export Councils (operational costs) b) Project Funding for Emerging Exporters c) Project Funding whereby financial support is granted to Export Councils, Joint Action Groups and Industry Associations to implement export development initiatives These are still significant for the programme.
	5. Move programme administration into single structure	5.1 Choose between single administration system under IDAD, or single export development and promotion unit under TISA	Agree	Propose separation of financial export support from non-financial export support between the two divisions.
		5.2 Re-organise SSAS under single administration	Agree	Propose separation of financial export support from non-financial export support between the two divisions.

Improve monitoring and evaluation	6. Incentivise firms to report and report correctly	6.1 Make disbursements dependent on completion of feedback documents and require document proof (e.g. sales contracts, invoices, formal agreements) of export / investment achievements	Disagree	<p>Cannot link disbursements with feedback documents for the following reasons:</p> <ul style="list-style-type: none"> <li>- Some EMIA components like Individual Exhibitions allows entities to claim 3 months after attending exhibitions and provide a performance report 6 months after exhibition.</li> <li>- SSAS (EE) provide payments upfront to project co-ordinators before the exhibition take place and provide a performance report 6 months after exhibition.</li> </ul> <p>Monitoring is an on-going process, in future the M&amp;E unit will utilise the 6 months reports for continuous improvement.</p>
		6.2 Prohibit non-compliant firms from making use of EMIA incentives	Agree	Covered in number 2
		6.3 Reject applicants that show no improvement in exports / inward investment from targeted markets	Disagree	There could be other external factors impacting on the export growth/decline of enterprises. M&E system to track performance and the external factors that could hinder improve export growth.
	7. Improve systems to electronically capture outcomes data	Link data on feedback provided by firms to individual firms within electronic system	Agree	The on-going IEMS will cover this recommendation

	8. Set explicit targets for the EMIA programme	Targets should be set in line with the DTI's policy objectives. Achievement of these targets should not compromise EMIA's own export promotion objectives or criteria used to select firms.	Agree / Disagree	Currently, targets are reflected in the dti Annual Performance Plan and the Divisional Operational Plan; however room for improvement is noted. Targeting of key indicators should be considered when developing and reviewing incentive programmes.
	9. Conduct periodic impact evaluations	Impact evaluations are required periodically to better assess how the various incentives can be refined to better assist firms in increasing exports and inward investment.	Agree	Currently all incentives are evaluated on a 3 year basis