

Annual Performance Plan **2024/2025**

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ACRONYMS AND ABBREVIATIONS

APP	:	Annual Performance Plan
Approved	:	Final committee approval obtained; legal agreements not signed
B-BBEE	:	Broad-Based Black Economic Empowerment
BFS	:	Bankable Feasibility Study
Commitments	:	Legal agreements signed. (Deals may have been approved in current and previous financial periods.) All Conditions Precedents may not have been met yet.
COSO	:	Committee of Sponsoring Organisations of the Treadway Commission
DFIs	:	Development Finance Institutions
Disbursements	:	Total or part cash advancements made against all approved deals (deals may have been approved in current and previous financial periods) subject to all Conditions Precedents having been satisfied by the investee.
the dtic	:	Department of Trade, Industry and Competition
EC	:	Eastern Cape
ERM	:	Enterprise-wide Risk Management
FC	:	Financial Closure
FS	:	Free State
GDP	:	Gross Domestic Product
IDC	:	Industrial Development Corporation
IPAP	:	Industrial Policy Action Plan
IRMSA	:	Institute of Risk Management Standards of South Africa

IRR	:	Internal Rate of Return
IT	:	Information Technology
IST	:	Information Systems Technology Department
JSE	:	Johannesburg Stock Exchange
KZN	:	KwaZulu-Natal
KPI	:	Key Performance Indicator
MBAP	:	Mining Beneficiation Action Plan
MOU	:	Memorandum of Understanding
MTEF	:	Medium Term Expenditure Framework
MTSF	:	Medium Term Strategic Framework
MP	:	Mpumalanga
NEF	:	National Empowerment Fund
NC	:	Northern Cape
QLFS	:	Quarterly Labour Force
PFMA	:	Public Finance Management Act
PRASA	:	Passenger Rail of South Africa
PFS	:	Pre-feasibility study
PIU	:	Pre-Investment Business Support Unit
POIU	:	Post Investment Business Support Unit
RMC	:	Risk and Portfolio Management Committee
ROI	:	Return on Investment
RTCDF	:	Rural, Township and Community Development Fund
SARS	:	South African Revenue Service

SEDU	:	Socio Economic Development and Asset Management Unit
SME	:	Small and Medium Enterprise
SOCE	:	State Owned Commercial Enterprise
SPF	:	Strategic Projects Fund
TC	:	Technical Completion
WC	:	Western Cape

1.OFFICIAL SIGN-OFF

Recommended by the CEO for endorsement	Endorsement by the Accounting Authority
<p>Name: Mr Mziwabantu Dayimani</p> <p>Signature: </p> <p>Rank: Acting CEO</p> <p>Date: 31 / 01 / 2024</p>	<p>Name: Dr Nthabiseng Moleko</p> <p>Signature: </p> <p>Rank: Chairperson</p> <p>Date: 31 / 01 / 2024</p>



2. FOREWORD BY THE MINISTER OF TRADE, INDUSTRY AND COMPETITION



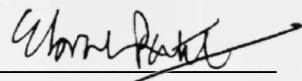
Mr Ebrahim Patel - Minister of Trade, Industry and Competition

The 204/23 Annual Performance Plan of the National Empowerment (NEF) reflects the roles which the NEF plays as a driver of transformation in the economy; and the continued efforts of **the dtic** Group to align our activities around a common purpose – one grounded in efforts to support **industrialisation** for the promotion of jobs and rising incomes; drive **transformation** in pursuit of an inclusive economy and build a capable state to ensure improved impact of public policies.

For the 2024/25 financial year, **the dtic** has developed a set of 45 output targets, which drive not only the work of **the dtic** but each of the entities over which it has responsibility, including the NEF. A table of these targets are included as an Annex.

The Annual Performance Plan of the NEF contained herein is approved for implementation from 1 April 2024, subject to the key performance indicators being a revised to incorporate more ambitious targets in line with the new **dtic**-group targets, in a revised Annual Performance Plan to be submitted by or before 26 April 2024. The officials of the Department will be available to assist the NEF in this regard.

The APP 2024/25 is hereby submitted in accordance with the Revised Framework on Strategic and Annual Performance Plans.



Ebrahim Patel

Minister of Trade, Industry and Competition

2024/25 APP Functional focus of outputs targets within the dtic-group of public entities.

Additional outputs (programmatic, enabling or responsive to immediate needs) have been included in the APP. The following tables indicate the functional focus of these outputs. Output numbering refers to the classification in the consolidated table, found in **the dtic** APP. Pillar numbering refers to the section in dealing with the aims of industrial policy. Outcome numbers refer to: Industrialisation (1), Transformation (2) and Capable State (3) though it should be seen as indicative, as one Output intended to cover a single Outcome can and does have positive spillover-effects on the other Outcomes.

Investment

Number	Output	Pillar	Outcome
Output 1	R350 billion in investment pledges secured across the state	4	1
Output 23	100 Investor facilitation and unblocking interventions provided	4	1
Output 17	1 new SEZs application considered for designation	4	1,2

Industrial production

Number	Output	Pillar	Outcome
Output 2	R60 Billion in additional local output committed or achieved	2	1
Output 11	R 200 Billion in black industrialist output achieved	1	1,2

Exports

Number	Output	Pillar	Outcome
Output 3	R900 Billion in manufacturing exports	3	1
Output 4	R400 Billion in manufacturing exports to other African countries	3	1,2
Output 5	R9 Billion in exports of Global Business Services (GBS)	3	1
Output 27	20 Successful Export Interventions to support the implementation of the AfCFTA	3	1
Output 28	10 High impact trade interventions completed	3	1,3
Output 41	5 Finalisation of legal instruments under the AfCFTA (Tariff offers, Schedule of Commitments, Rules of Origin, Protocols and Annexes to protocols)	3	3

Industrial support

Number	Output	Pillar	Outcome
Output 6	R32 Billion in support programmes administered by or in partnership with the dtic -group	1	1,2,3
Output 7	R15 Billion support programmes to enterprises in areas outside the 5* main metros	1	1,2
Output 8	R8 Billion in financial support programmes and procurement contracts approved to SMMES, women and youth-empowered businesses	1	1
Output 9	R 8 Billion in financial support programmes to enterprises in labour absorbing sectors	1, 6	1

Number	Output	Pillar	Outcome
Output 43	1 Operationalization of an Adjudication process for incentive applications	1	1, 3

Transformation

Number	Output	Pillar	Outcome
Output 10	R 900 Million in Equity Equivalent Investment Programme agreements	1	1,2
Output 15	20 000 additional workers with shares in their companies	1	1
Output 16	10 High-impact outcomes on addressing market concentration through the implementation of market inquiry outcomes	1	1,2

Jobs

Number	Output	Pillar	Outcome
Output 12	1 Million jobs supported or covered by the dtic group and/ or master plans	6	2
Output 13	100 000 jobs to be created (50 000 social economy fund part-time or temporary job opportunities and 50 000 full-time jobs)	6	1,2
Output 14	160 000 jobs in Black Industrialists firms retained	1, 6	1,2

Energy

Number	Output	Pillar	Outcome
Output 18	R 1 Billion Support to enterprises including SMMEs to mitigate impact of load shedding by IDC and NEF	5	1,2
Output 19	1500 Megawatts of energy from projects facilitated	5	1,3
Output 20	550 Megawatts of energy available for the grid	5	1,3
Output 21	3 Projects successfully managed through the Energy One-Stop Shop	5	3
Output 22	2 Expedited regulatory amendments and flexibility, to promote energy efficiency	5	1,2,3

Green economy targets

Number	Output	Pillar	Outcome
Output 29	4 Interventions to respond to green trade barriers	5	1
Output 30	1 EV white paper implementation	5	1
Output 31	1 Green hydrogen commercialisation framework implementation	5	1

Stakeholder engagement and impacts

Number	Output	Pillar	Outcome
Output 25	9 Business Forums hosted aimed at supporting increased FDI, exports and outward investment hosted	1	1,2,3

Number	Output	Pillar	Outcome
Output 32	1000 Case studies of firms, workers, entrepreneurs, professionals or communities' impacted by the dtic measures; including 12 local films/documentaries telling the SA story	1	1
Output 33	Community outreach programmes by the dtic group in 10 districts	1	1,2,3
Output 37	2 Conferences, summits, and international forums hosted	1	1,2,3
Output 45	10 Successful actions completed on price monitoring and excessive pricing or price gouging or price restraint	1	1,2,3

Addressing crime

Number	Output	Pillar	Outcome
Output 24	Grey-listing: 2 Implementation of remedial actions by CIPC of the Financial Action Task Force (FATF) requirements to meet immediate outcome 5 (IO5) in South Africa's Action Plan	1	3
Output 42	1 Metal trading system implemented	1,5	1,2,3

Red tape and state capability targets

Number	Output	Pillar	Outcome
Output 39	9 Impact evaluations of dtic programme or sub-programmes	All	3
Output 40	5 High-impact measures to reduce red tape or improve turnaround times in administration of incentives and work of agencies		
Output 44	6 Impact assessments or enhancements of trade instruments or measures	2,3	1,2,3

Improving the capacity and responsiveness of the state and social partnership

Number	Output	Pillar	Outcome
Output 26	4 Pieces of priority legislation amended, tabled or submitted to Executive Authority, Cabinet or Parliament	All	1,2,3
Output 34	8 Master Plans managed	All	1,2,3
Output 35	Oversight of IDC, NEF and ECIC to ensure that at least 96% of planned KPIs are achieved	All	1,2,3
Output 36	3 Projects to assist industrial innovation and support firms	All	1,2,3
Output 38	50 Mergers and acquisitions where public interest conditions have been incorporated	All	1,2

3. OVERVIEW BY THE ACTING CHIEF EXECUTIVE OFFICER, NATIONAL EMPOWERMENT FUND



This annual performance plan (APP) has been developed by the National Empowerment Fund (NEF) and represents the last to be developed under the current administration. It sheds light on the targets the NEF aspires to achieve in the upcoming financial year as well as the description of outputs, indicators and methods of measurement. At an operational and implementation level, this APP will be guided by the current Strategic Plan and our mandate as detailed on the National Empowerment Fund Act. It will also take into consideration **the dtic's** three Joint Key Performance Indicators (JKPIs) of Industrialisation, Transformation and Capable State, and thus the detailed outputs which contribute to the 3 JKPIs.

Our core focus remains transformation of the domestic economy by ensuring that Black entrepreneurs are at the centre of economic recovery efforts through industrialisation. While the NEF is constrained by its inherent inability to raise funding in the borrowing market coupled with a lack of capital, we will continue to pursue both private and public partners that embrace the shared goal of inclusive growth. Our drive is rooted in the belief that Black economic empowerment goes beyond a moral effort to right historical wrongs. It is a practical growth plan that seeks to maximize the nation's economic potential while assisting in integrating the majority-black population into the economic mainstream.

While the economic disparities were along racial lines, effects remain more prominent in townships and rural areas – this reflects largely the strategic economic exclusion which forces black people to reside in areas with low economic activities, far away from cities and industrial hubs. The majority of people in these areas are characterized by a lack of financial literacy

and poor business management skills as well as financial constraints. These challenges have demoted Black people to the categories of unemployed, unemployable, and economically inactive people. In the year ahead, the NEF intends channelling its resources to foster active citizenships and active economic involvement amongst Black people particularly in townships and rural areas.

At the beginning of the five-year period the NEF committed to disburse at least 25% of its funding in targeted provinces. Given the level of economic exclusion, the NEF management is now committed to disbursing at least 45% to stimulate economic activities in targeted areas, especially provinces with low economic activities. The funding will be complemented by our non-financial resources offerings which incorporate entrepreneurial training, business incubation, investor education and social facilitation programmes.

In the next financial year the NEF will continue to prioritize businesses that are owned and managed by black women and youth. We have a dedicated programme, the Women Empowerment Fund (WEF) which funds businesses that are at least 51% owned by Black women because the involvement of women in the management of business is also an important priority. Broadly, we will continue to support Black-owned and managed businesses in priority sectors as identified by **the dtic** and government in general.

This APP reflects the unwavering resolve of the NEF in championing the economic participation of Black people in the economic mainstream. In doing so, the first draft considered the internal operating environment which involves the current resources, both financial and human resources as well as the external operating environment which covers the socio-economic and legislative environment. The successful delivery of the strategic outcomes outlined in this APP will depend largely on the employees and leadership of the NEF as well as the support of the Honourable Minister, Ebrahim Patel as he has always done over the years. The NEF is committed to the successful implementation of this APP.



Mr. Mziwabantu Dayimani

Acting Chief Executive Officer

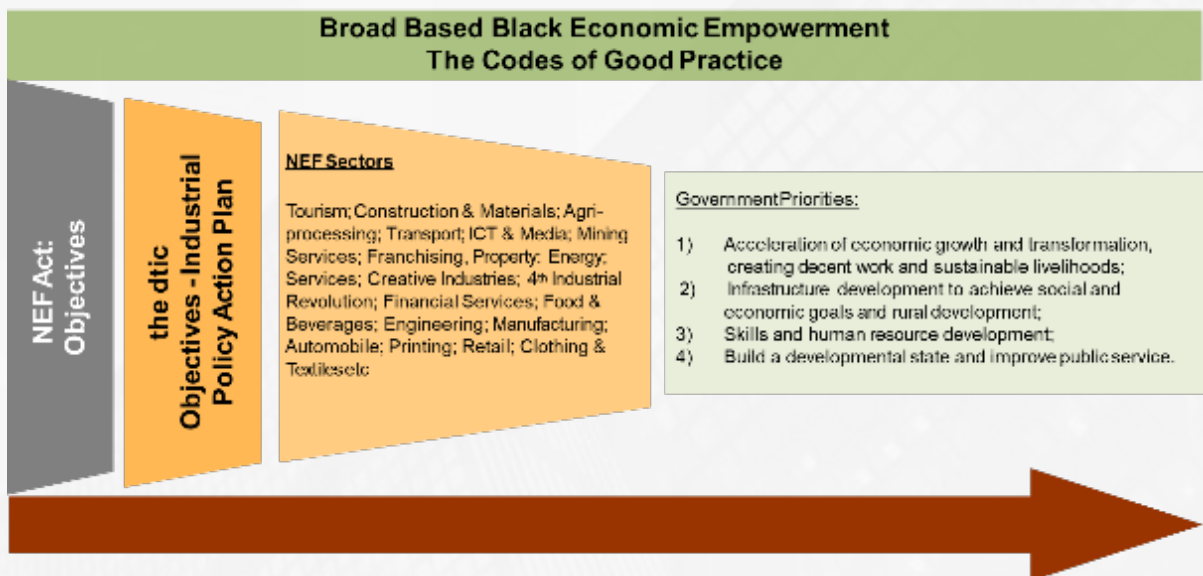


NEF, the home of hope for the black entrepreneur



Part A:
APP Overview

4. LEGISLATIVE AND POLICY MANDATE



4.1. Constitutional Mandate

The existence of the NEF as a creature of statute is validated and certified by Section 9 of the Constitution of the Republic of South Africa, 1996, which asserts that "equality includes the full and equal enjoyment of all rights and freedoms. To promote the achievement of equality, legislative and other measures designed to protect or advance persons, or categories of persons, disadvantaged by unfair discrimination may be taken".

Deriving from this constitutional injunction, the NEF Act 105 of 1998 empowers the development financier "to establish structures and mechanisms to redress the inequalities brought about by apartheid and colonisation before it by facilitating the broader economic ownership by historically disadvantaged persons".

4.2. Legislative Mandate

The National Empowerment Fund (NEF) reports to Parliament through the Minister of Trade, Industry and Competition (**the dtic**). The work of the NEF is governed by a broad legislative framework, as outlined below:

Number	Act	Purpose of Act
1.	National Empowerment Fund Act, No. 105 of 1998	To establish a trust and its objects for the promotion and facilitation of economic ownership of income-generating assets by historically disadvantaged persons; to establish mechanisms to redress historic inequalities and structures to attain the objects of the trust; to provide for the control, management and the dissolution of the trust; and to provide for matters incidental thereto.
2.	Broad-Based Black Economic Empowerment Act, No. 53 of 2003	To establish a legislative framework for the promotion of black economic empowerment; to empower the Minister to issue codes of good practice and to publish transformation charters; to establish the Black Economic Empowerment Advisory Council; and to provide for matters connected therewith.
3.	The Public Finance Management Act (PFMA) Act, No.1 of 1999	To regulate financial management in the national government and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith.
4.	Companies Act No. 71 of 2008	To create flexibility and simplicity in the formation and maintenance of companies; encouraging transparency and high standards of corporate governance as appropriate, given the significant role of enterprises within the social and economic life of the nation.
5.	Financial Intelligence Centre Act 38 of 2001	To establish a Financial Intelligence Centre and a Money Laundering Advisory Council in order to combat money laundering activities and the financing of terrorist and related activities; to impose certain duties on institutions and other persons who might be used for money laundering purposes and the financing of terrorist and related activities. As a money remitter, the National Empowerment Fund is an Accountable Institution in terms of FICA and the Act contains stringent requirements with which we are obliged to comply.
6.	Employment Equity Act 55 of 1998	The purpose of the Act is to achieve equity in the workplace, by Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination.

7.	Protection of Personal Information Act of 2013	The purpose of the Act is to promote the right to privacy in the Constitution, while at the same time protecting the flow of information and advancing the right of access to and protection of information. As a DFI and an employer we are expected to balance the need to use personal data for business requirements with the rights of the individuals to privacy in the form of their personal details. The Information Regulator started with enforcement of the POPI Act on 1 July 2021.
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5. OUR STRATEGIC OVERVIEW

5.1. VISION

Our vision is to be the leading provider of innovative transformation solutions for an economically inclusive South Africa. We seek to be the lead financier of B-BBEE investments in the DFI space.

5.2. MISSION

The National Empowerment Fund is a catalyst of Broad-Based Black Economic Empowerment in South Africa.

We enable, develop, promote and implement innovative investment and transformation solutions to advance sustainable black economic participation in the economy.

5.3. VALUES

The values of the NEF are the glue that hold the ethical tapestry of the organisation together. Together these values form the acronym **EMPOWER**, as outlined below:



These values are the emblem of the NEF's service to the nation. They stand as a living testament of the NEF's commitment to integrity. Launched in September 2014, the values are accompanied by a pledge that all at the NEF, from Trustees, Executives, managers and all staff, make, as outlined below:

“ As a member of the NEF family, I hereby solemnly pledge to remain faithful to the values and ethos of the NEF, because as an instrument in the quest for inclusive growth, I recognise that the economic dreams and aspirations of black ”

people depend on my willingness to serve with truth in my heart. In taking the hopes of black economic freedom to greater heights, and growth itself to the skies, I hereby undertake that as a patriot I will perform my call to duty with integrity and honour, with empathy and dedication to excellence, inspired by the vision of a growing and inclusive economy. This is my oath, my vocation, my contract with the nation.

5.4. NEF Governance and Organisational Structures



In accordance with international best practice, and as outlined in the NEF Act, the NEF is governed by the Board of Trustees that is appointed by **the dtic**. The Board is aided in the discharge of its duties through a range of committees, exercising oversight; setting policy and

direction on areas inclusive of audit, risk management, human capital and remuneration, investment, as well as social and ethics matters.

The Board and its subcommittees hold regular meetings to ensure that these important structures meet their objectives as outlined in the various charters. These guardians of public and institutional trust are the bastion that has ensured that the NEF has continued for successive years to achieve clean external audit opinions.

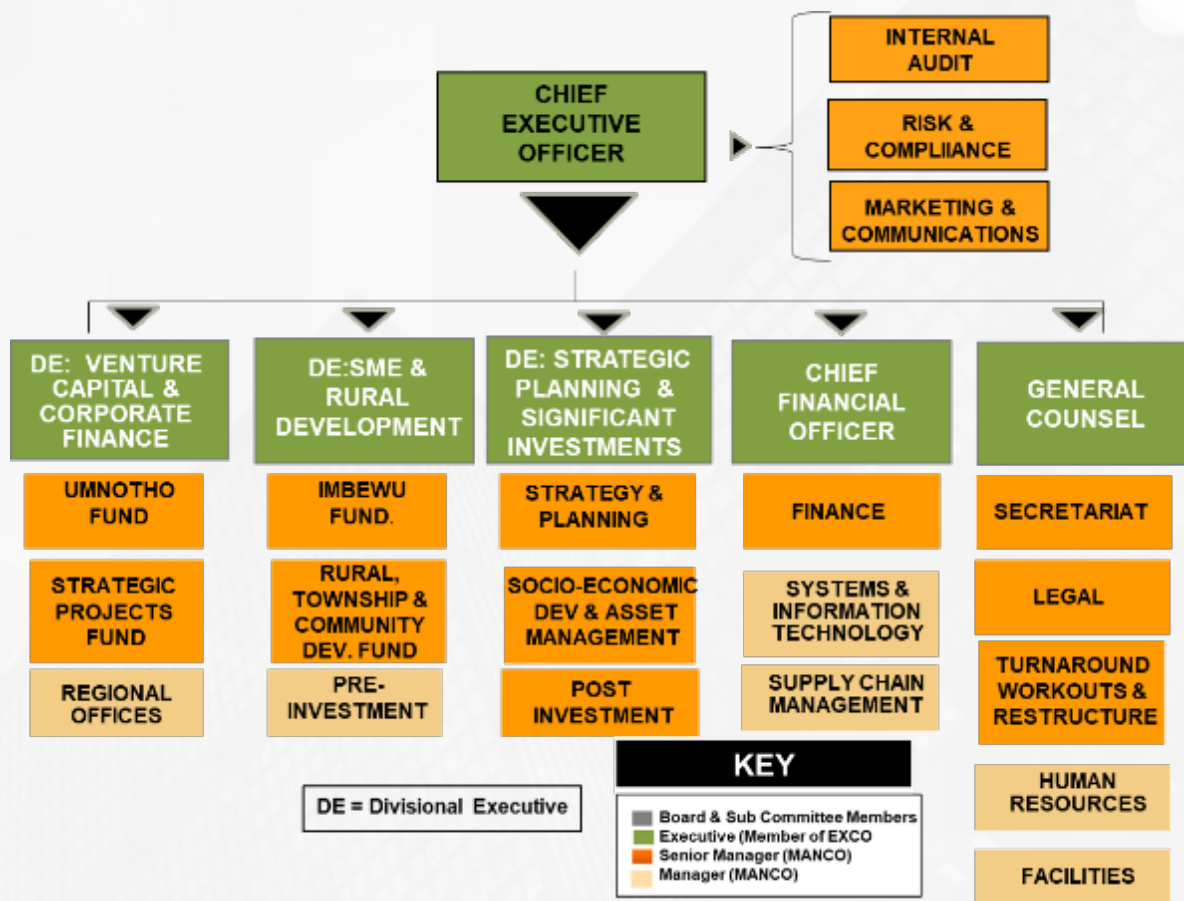
In providing oversight and leadership the Board and its subcommittees have maintained unstinting independence and foresight in setting strategies and policies for the organisation, and in supporting the efforts to recapitalise the development financier.

Together with the Audit Committee the Board is central in safeguarding the assets of the institution as well as developing and monitoring adequate and effective systems and control processes. The preparation of financial statements in compliance with all applicable legal and regulatory requirements and accounting standards, is yet another key function of the Board.

In conjunction with the Risk & Portfolio Monitoring Committee (RPMC), the Board also manages the risk universe of the NEF closely, ensuring that proper business risk assessment is carried out and that a risk profile of the organisation is upheld. The Board Investment Committee (BIC) assists the Board, in pursuit of the mandate of the NEF, to assess and where appropriate, to approve such transactions as delegated in terms of the DOA.

Together with the Social & Ethics Committee (SEC) the Board monitors the social and economic development of beneficiary committees, the promotion of equality, the prevention of unfair discrimination and corruption, oversight of the environment, health and public safety, including the impact of the NEF's activities and of its products or services as well as the NEF's employment relationships, its contribution towards the educational development of its employees, gender parity and employee wellness.

Through the Human Capital & Remuneration Committee (HCRC) the Board reviews and sets human capital policies, procedures, structures and all matters relating to the relationship between the NEF and its staff. It also oversees compliance with the human capital policies, procedures and structures regulating the relationship between the NEF and its staff.



The CEO is aided by executives, who in turn lead managers whose portfolios mirror the conventional corporate milieu.

At the heart of the mandate of the NEF is the consciousness to conduct our work with integrity, diligence and foresight, and in this regard, the NEF believes the organisational structure is robust and effective, which is guided by the Delegation of Authority of the various committees.

In the view of management, the governance of the NEF easily compares with the best anywhere and given recent private and public sector lapses in corporate governance, NEF is particularly proud of this distinction.

In order to achieve the set objectives, the NEF is structured to deliver on its mandate by performing the following core activities:

- Fund Management, which comprises:
 - The Venture Capital & Corporate Finance Division, which comprises the uMnotho Fund, the Strategic Projects Fund (SPF), the Women Empowerment Fund (which is incubated in each of the other Funds) and Regional Offices.

- The SME & Rural Development Division, which consists of the Pre-Investment Unit; iMbewu Fund; Rural, Township & Community Development Fund.
- General Counsel, which consists of Legal support, Turnaround, Workout and Restructuring services.
- Strategy Planning and Significant Investments, which includes Post-Investment support services, as well as Socio-Economic Development and Asset Management Units.

These core areas are strategically supported by the following units:

- Human resource;
- Finance;
- Information Systems and Technology;
- Supply Chain Management;
- Strategy and Planning;
- Marketing and Communications
- Internal Audit
- Risk; and
- Facilities.

5.5. Overview of the NEF's Performance - Life to date performance milestones

Since inception, the NEF has developed robust systems and processes to deploy funds across the geography and the sectors of the South African economy. With each milestone achieved, the bar has risen and continues to rise to deliver hope to black entrepreneurs.

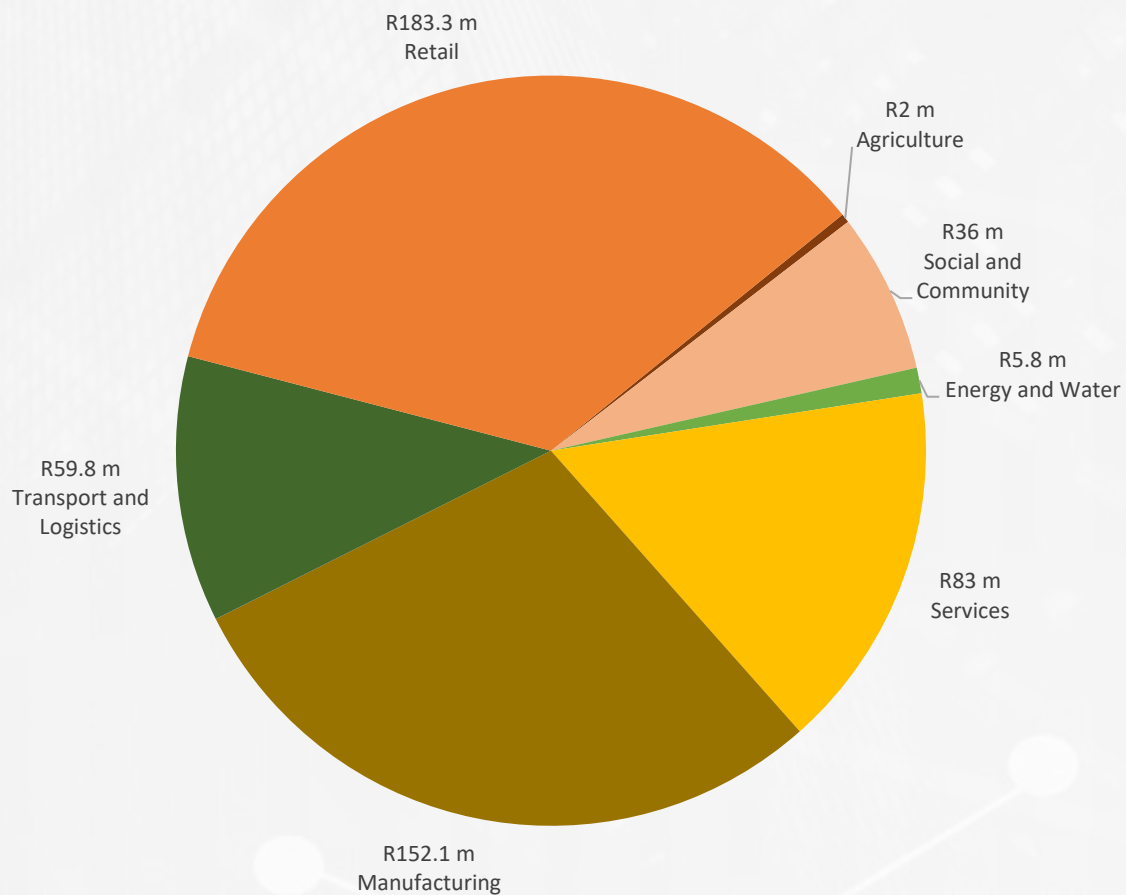


Strategies implemented have been refined and adopted over the years and have yielded the following outcomes:

	Output	Achievements as at 31 December 2023
1	Approvals	<ul style="list-style-type: none"> Approved 1 603 transactions worth more than R14.1 billion across the country.
2	Disbursement	<ul style="list-style-type: none"> Over R9.6 billion has been disbursed to these companies since inception.
3	Collections	<ul style="list-style-type: none"> Over R5 billion has been repaid by investees
4	Integrity	<ul style="list-style-type: none"> Secured clean external audit opinions for 20 years running.
5	Supporting jobs	<ul style="list-style-type: none"> Since inception, the number of job opportunities supported is 121 125 jobs, of which 75 736 were new.
6	Industrialisation	<ul style="list-style-type: none"> 24 strategic and industrial projects worth R12.6 billion, with the potential to support over 52 000 jobs. 87% of the transactions are at an advanced development stage. Since inception 3 600 job opportunities have been created.
7	A culture of savings & investment	<ul style="list-style-type: none"> In a transaction worth over R1 billion the NEF Asonge Share Scheme made available more than 12 million MTN shares to over 87 000 investors comprising black individuals and groups. 49% of investors were women.
8	Investor education	<ul style="list-style-type: none"> Reached approximately 9 671 825 people in villages and townships through 772 community seminars on how to save and invest, personal financial discipline, shares, dividends, bonds, the property and money markets
9	Entrepreneurship training / incubation	<ul style="list-style-type: none"> Business skills training provided to over 7 686 potential entrepreneurs who attended 1 109 seminars from 2012 to date.

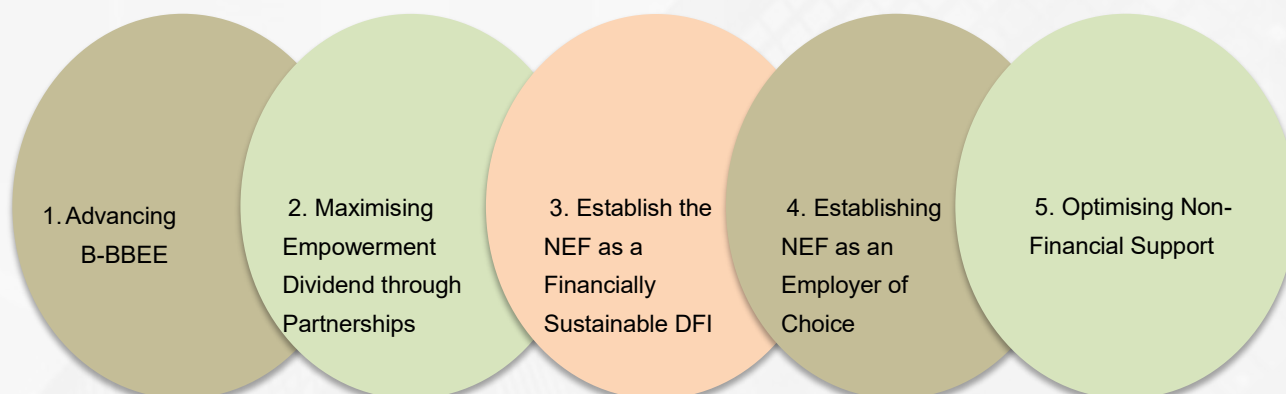
The table above depicts how over the past years, the NEF has successfully approved 1 603 transactions valued at R14.1 billion, disbursing R9.6 billion to SME's and consistently achieving a clean external audit for 20 consecutive years, demonstrating the NEF's commitment to financial excellence.

As we conclude the third quarter, the graph below shows the distribution across the various sectors for the current financial year (quarter three 2023/24). The retail industry accounted for 35%, followed by the manufacturing industry with 29%, followed by 15% in the service. Property sector in the portfolio year to date is 10%, while transport and logistics accounted for 11%.



6. KEY STRATEGIC OBJECTIVES

6.1. Strategic goals and objectives



NEF's strategic objectives are derived from the NEF Act No. 105 of 1998 and the B-BBEE Act No. 53 of 2003 as amended, together with the Codes of Good Practice on B-BBEE. The NEF specifically seeks to support the initiatives of **the dtic**, including the Industrial Policy Action Plan (IPAP) and more broadly the NDP, by championing and funding the advancement of emerging entrepreneurs into black industrialists.

The mandate of the NEF, based on the NEF Act No. 105 of 1998 has been given greater alignment with the set of priorities of government that the Presidency introduced in the 2021 SONA. These include:

- The medium-term strategic framework 2019-2024
- The National Development Plan
- Industrial Policy Action Plan
- The Economic Reconstruction and Recovery Plan tabled in parliament in October 2020 by the President
- New district development model as an integration of development efforts at local level
- Master Plans for sectors that offer important opportunities for inclusive economic development in South Africa

This APP for 2023/24 is designed in line with the *Revised Framework for Strategic Plans and Annual Performance Plans* issued by the Department of Planning Monitoring and Evaluation (DPME), which is the custodian of planning and reporting frameworks following National

Treasury Instruction 10 of 2020/21. The document also aims to highlight programmes in place to achieve the NEF's strategic objectives.

The strategic objective targets and programme performance indicator targets will be identified using medium term targets, quarterly cumulative and annual target of 2023/24.

Each KPI will have technical indicator descriptions (TIDs) that describe the problem by giving indicator definition, indicator title, outcome, and output as well as for each relevant J-KPI (which is based on the new way of working where all **the dtic** entities are expected within their mandate contribute towards the achievement of the J-KPI).

The following is a consolidated summary of the NEF's key performance against its cumulative targets. The quarterly performance in the below table is non-cumulative for the respective quarter in the 2023/24 year.

Output Indicator	Annual Target												
	Audited Actual Performance					Quarterly Performance						MTEF	
	2018/19	2019/20	2020/21	2021/22	2022/23	Quarter 1	Quarter 2	Quarter 3	YTD Performance	YTD Target	Annual Target	2024/25	2025/26
1. Value of approved deals by NEF	R576m	R727m	R520m	R1 333m	R1 196m	R60m	R165m	R314m	R539m	R928m	R1 200m	R1 000m	R700m
2. Value of new commitments	R513m	R567m	R520m	R1 053m	R939m	R102m	R135m	R177m	R414m	R656m	R900m	R750m	R525m
3. Value of Disbursements	R437m	R304m	R425m	R1 050m	R692m	R162m	R156m	R203.5m	R522m	R574m	R810m	R675m	R472.5m
4. Number of job opportunities expected to be supported or created	3 713	1 738	2 488	11 429	4 598	1082	1 023	819	2 924	3 534	4 985	4 154	2 908
5. Percentage of annual disbursements to businesses owned by black women	32%	38%	35%	28%	37%	20%	30%	41%	32%	37%	37%	35%	40%
6. Percentage of disbursement to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West	19%	27%	18%	18%	22%	46%	23%	29%	32%	40%	40%	45%	40%

In addition to other programmes highlighted herein, the NEF has established an alternative energy fund to support businesses which have been affected by the current energy shortages in the country. Since inception, the NEF has funded its investees to acquire diesel generators as a backup or mitigant to the risk of downtime due to loadshedding or other electricity cuts. The use of generators has recently become unaffordable by SMEs due to the frequency of loadshedding which have led to increased maintenance costs and costs of diesel utilised by these generators. This has necessitated the change of focus to the use of green energy sources such as solar energy systems. The NEF has also changed its focus from funding, mostly, generators to funding installation of solar energy systems. An amount of R150 million has been set aside for funding installation of solar energy systems by NEF current investees

Annual Performance Plans 2024 /25

The below is an indication of the NEF's contribution to **the dtic** and its entities' outcomes in achieving the Key Performance Indicators.

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Targets								
			Audited /Actual Performance			Estimated Performance (As at 31 December 2023)	MTEF Period				
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27		
R40 billion additional local industrial output: in manufacturing and productive services output, measured on a gross basis, from projects that are championed by the dtic family or through social compacting; which will include three categories: actual increased output in the financial year, based on commitments and investments made in the current or prior years; and new projected increased	Additional local Industrial output	Value of additional local industrial output	n/a	n/a	n/a	R2 030m	R2 802m	R2 451m	R2 451m		

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited /Actual Performance			Estimated Performance (As at 31 December 2023)	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
output in the following five financial years, based on commitments secured in the current financial year.									
600 000 Jobs supported by interventions.	Employment (New and maintained)	Number of Job opportunities expected to be supported or created	2 488	11 429	4 598	2 924	4 154	2 809	2 809
100 000 new jobs created through interventions.	Employment (Only New)	Number of new Job opportunities expected to be created	485	2 999	1 487	1 471	1 786	1 236	1 236

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited /Actual Performance			Estimated Performance (As at 31 December 2023)	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
R30 billion in support programmes administered through the dtic -group and social pacts in competition and trade (loans, equity and grants) to improve competitiveness, expand industrialisation and create jobs.	Approval of deals	Value of deals approved by the NEF	R520m	R1 333m	R623m	R539m	R1bn	R700m	R700m
R40 billion in black industrialist output	Manufacturing output	Value of manufacturing output	R1 220m	R1570m	R1610m	R1 330m	R1 990m	R1 740m	R1 740m

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited /Actual Performance			Estimated Performance (As at 31 December 2023)	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
23 000 jobs in Black Industrialists firms (Regardless of the industry and size, the NEF considers all businesses that are funded as BIs)	Employment Created	Number of Job opportunities expected to be supported or created (Total jobs)	2 488	11 429	3 926	2 924	4 154	2 908	2 908
		New	485	2 999	1 487	1 471	2 367	1 236	1 236
		Maintained	2 003	8 430	2 439	1453	1 786	1 573	1 573
R15 billion support programmes in areas outside the 5* main metros	Disbursement of	45% of disbursement	R76,2m 18%	R191m 18%	R106m 18%	R169m 32%	R304m 45%	R212m 45%	R212m 45%

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited /Actual Performance			Estimated Performance (As at 31 December 2023)	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Deals	to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.							
R1.3 billion support programmes for SMMEs	Approval of deals	Value of deals approved by the NEF	R520m	R1333m	R1196m	R539m	R1bn	R700m	R700m

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited /Actual Performance			Estimated Performance (As at 31 December 2023)	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
R7.5 billion support programmes in labour absorbing sectors*	Disbursements of deals	Value of deals disbursed by the NEF	R425m	R1050m	R692m	R522m	R340m	R298m	R298m

Note*: The actual sector split will be included at an investment and reporting stage.

Output Indicators: Annual and Quarterly Targets for 2024/25

Output Indicators	Annual Target	Quarterly Targets			
		Q1	Q2	Q3	Q4
Value of deals approved by the NEF	R1bn	R300m	R600m	R800m	R1bn
Number of Job opportunities expected to be supported or created	4 154	1246	2492	3323	4154
45% of disbursement to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.	45%	45%	45%	45%	45%
Value of deals disbursed by the NEF	R675m	R203m	R405m	R540m	R675m
Value of additional local industrial output by the NEF	R2451m	R612.75m	R1225.5m	R1838.25m	R2451m
Value of manufacturing output by the NEF	R1740m	R435m	R870m	R1305m	R1740m

6.2. The NEF five key strategic objectives/outcomes for next 5 years:

1. Growing black economic participation in the South African Economy
2. Growing BEE through partnerships
3. Maintaining Financial Sustainability
4. Human Capital
5. Non-Financial support

<p>1. Growing black economic participation in the South African Economy</p> <ul style="list-style-type: none"> • iMbewu – focus on SME funding • uMnotho Fund – transformation and black business expansion • SPF – support meaningful participation in industrial projects by black people • RTCDF – stimulation of economic activities in rural areas and township through entrepreneurship • WEF – entrenching participation of black women in the economy • The KPIs are: <ul style="list-style-type: none"> ○ Value of approvals ○ Value of commitments ○ Value of disbursements 	<p>2. Growing BEE through partnerships</p> <ul style="list-style-type: none"> • ED Funds – raising 3rd party funding to offer comprehensive affordable financing solutions to black entrepreneurs • Venture Capital Companies ('VCC') – partnering with various players to leverage the incentive for growth of venture capital funding for the benefit of black entrepreneurs • Co-funding – using the NEF network to assist entrepreneurs fund their businesses • The KPI is the value of funds secured from third party contributors
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<ul style="list-style-type: none"> • Maintaining Financial Sustainability • Impairments – maintain the impaired portion of the loan book below 25% • Returns – endeavour to achieve Return on Investments (ROI) of 7% (ring fenced to the loan book funded from the NEF balance sheet) • Efficiency – manage the operational expenses and generate income to achieve Cost to Income ratio within an acceptable range over the period • Return of Capital – implement close post-investment monitoring and interventions to achieve on average 80% collections on instalments raised • The KPIs are: <ul style="list-style-type: none"> ○ Percentage of portfolio that is impaired ○ Return on investments to the loan book funded ○ Percent of funds collected on the instalments raised 	<p>3. Human Capital</p> <ul style="list-style-type: none"> • Attraction: Attracting high-calibre and suitably qualified candidates who are fit for purpose • Skills Development: Provide training and development opportunities to enable employees to thrive in their role • Retention: Utilising a pay-for-performance remuneration structure which will ensure that key and top talent is retained at the NEF • Employer of Choice: Provide a compelling employee value proposition that captivates the employment experience from entry to exit
<ul style="list-style-type: none"> • Non-Financial support • Pre-investment – provide meaningful interventions to support entrepreneurs wanting to access funding 	

- Post-Investment – provide intensive monitoring, support and mentorship to NEF investees to ensure sustainability of the businesses
- Intensive Care & Turnarounds – provide in-depth support to business under strain through the Turnarounds, Workouts and Restructures unit
- Social Impact – through the Socio-Economic Development and Asset Management Unit, the NEF provides training for broad-based groups and communities thereby deepening understanding of business
- Legal – through legal we will entrench our rights and security in transactions to ensure sustainability
- The KPIs are:
 - Number of investment seminars held across the country
 - Number of entrepreneurial training sessions
 - Number of entrepreneurs that successfully complete business incubation
 - Number of social facility sessions held for NEF investees

6.2.1. Black economic participation in the South Africa Economy

The NEF is growing black economic participation in the South African economy through its structured and specialised Funds that address the needs of businesses as demonstrated by the nature of products housed in each of the five funds below. In the normal course of the NEF's business, projects that require more than R75 million are assisted through a co-funding arrangement with other capital funders in the market. For the time being, this threshold is reduced to R50 million. The Funds are listed below:

	Strategic Projects Fund	iMbewu	uMnotho	Rural, Township and Community Development	Women Empowerment Fund
Objectives	<ul style="list-style-type: none"> • Funds the development of projects through stages of projects 	<ul style="list-style-type: none"> • Supports start-up businesses • Provides capital for the expansion of small enterprises 	<ul style="list-style-type: none"> • Provides capital for expansion of businesses, the buying of shares in white-owned businesses or funding new ventures 	<ul style="list-style-type: none"> • Supports the development and growth of a rural economy in rural communities, which is achieved by the mobilisation of structures such as cooperatives 	<ul style="list-style-type: none"> • Supports businesses that are more than 50% owned and managed by black women

Products	<ul style="list-style-type: none"> • Venture Capital funding structures • Development of Black Industrialist funding in strategic sectors 	<ul style="list-style-type: none"> • Franchise financing • Procurement/ Contract • Entrepreneurship funding 	<ul style="list-style-type: none"> • Acquisitions • New Ventures • Expansion • Capital Markets • Liquidity and Warehousing funding 	<ul style="list-style-type: none"> • New Ventures • Business Acquisition • Expansion 	<ul style="list-style-type: none"> • The product offerings cut across all products provided by the different Funds
Funding range	<ul style="list-style-type: none"> • Funding up to R75 million 	<ul style="list-style-type: none"> • Funding from R250 000 to R15 million 	<ul style="list-style-type: none"> • Funding ranges from R2 million to R75 million 	<ul style="list-style-type: none"> • Funding ranges from R1 million to R50 million 	<ul style="list-style-type: none"> • Funding from R250 000 to R75 million

A. iMbewu Fund

The iMbewu Fund provides innovative financial solutions with the aim of deepening NEF's impact in the SME sector by increasing the number of black-owned SMEs that participate meaningfully in the economy. The products used in delivering the financial solutions have been designed to address market failures that limit meaningful economic participation by black-owned SMEs. Among these market failures are access to capital, lack of information, lack of access to markets and lack of technical skills. iMbewu Fund provides the funding through the following products:

- Franchise;
- Procurement; and
- Entrepreneurship.

The financial solutions are backed by strong non-financial support in the form of mentorship and back-office accounting function that are offered to SMEs to enhance their long-term financial sustainability.

The strategic rationale for the iMbewu Fund: support the creation of new sustainable black-owned enterprises; promote and enable meaningful participation of black people in the economy; and contribute towards the creation of employment opportunities, given the importance and contribution of SMEs in the development of the economy.



Franchise Finance

The product is designed to allow the creation of new SMEs and to support entrepreneurs who seek to start a new business by acquiring a franchise licence with a reputable franchise brand. The product provides a platform for black entrepreneurs with limited capital and managerial expertise to start and/or expand a business. The strategic rationale for the product is to address the following challenges faced by black entrepreneurs:

- allowing black entrepreneurs to buy into a franchise system that already has an established brand and operating systems that guarantee success;
- technical and business support to address lack of technical and managerial expertise;
- ensuring rapid access to market through a brand that is recognised and with a track record;
- minimising investment risk while also optimising returns, making access to funding possible.

Some of the challenges that have been experienced in the past was the funding of small franchise brands that lack capacity and depth to support their franchisees. Some of these brands had also issued licences to black franchisees in order to access DFI finance to test their new concepts with the ulterior motive of taking over once they become successful. However, NEF has addressed the challenge by funding only reputable franchise businesses with a long successful track record. One of the sectors that have been successful is in the Energy Petroleum sector.

The NEF has strategically targeted the Retail Petroleum Sector in the Energy industry sector – Petroleum as a key strategic sector to foster black inclusion in the mainstream of SA’s economy.



Energy sector – Petroleum



Through the iMbewu Fund the NEF’s participation is entrenching black economic empowerment participation in the energy sector through establishing new franchises, acquisitions of franchises and providing expansionary capital. Below is a demonstration of some of the key oil majors that the NEF is in partnership with. The NEF and these partners continue to enhance franchise methodologies to increase inclusion of black participation going forward.



Together fuelling transformation and growth

Within the NEF's franchise portfolio, service stations rank as the most vibrant and successful both commercially and in terms of the repayment trends to the NEF. The relationship with the various petroleum companies is in line with the NEF SME strategy that seeks to leverage the technical expertise provided by these companies for the benefit of black- and women-owned enterprises.

Since inception the NEF has funded 130 Black owned service stations amounting to R767 million and an excess of R436 million has been collected. Out of these 130 stations 45 are active, 67 have settled the NEF facilities and 18 are in the Legal Services Unit. Approximately 69% of the active stations are in the low-risk category and service the NEF's monthly obligations without defaults. This sector has created approximately 3 845 permanent jobs in South Africa. The sector has about 42% women shareholding, which is a quantum leap in this industry.

Example of transaction funded in the Energy Sector:



Skhandzisa Trading (Pty) Ltd t/a Shell Malelane is 100% black women owned by two sisters, Ms. Nolwazi Mdluli and Ms. Nozipho Mdluli, each holding 51% and 49% shareholding, respectively.

The entrepreneurs have been appointed as the retailers for Shell Ultra City Malelane Service Station located on the North and South bounds of the N4, in Mpumalanga. The sites have recently been converted from a Total Energies (aka PetroPort) Service Station as renovations have already been completed and are treated as “New to Industry”. Having completed the training and satisfied the requirements to be a retailer, the entrepreneurs were identified as the preferred retailers to take over the running of Shell Ultra City Malelane Service Station (both North and South bound). The acquisition includes on each side of the highway: a forecourt (eight islands with three nozzles each); a truck stop; Select Shop; and a quick service restaurant, namely Nando’s.

The NEF has approved R15-million to finance the acquisition of Shell Ultra City N4 Malelane North and South bound as well as the installation of a Nando’s Quick Service Restaurants (QSRs). The transaction will result in the creation of 54 new jobs. The job split is as follows:

- Service stations cashiers and merch: 11 jobs
- Select Deli by Shell: 6 jobs
- Forecourt – Service Champions: 13 jobs
- Nando’s: 12 jobs
- Back-office support and security: 12 jobs

I. Procurement Finance

The product targets black entrepreneurs who want to pursue business opportunities emanating from supplier development initiatives both in the private and public sector space. NEF would fund black SMEs that have been awarded contracts to supply goods and services. The NEF investment goes towards building capacity by funding working capital and acquisition of assets to allow the SMEs to deliver on the contracts awarded. The strategic rationale for the product is:

- facilitate access to finance for black-owned SMEs;
- support supplier development initiatives espoused in the B-BBEE Act and Codes of Good Practice;
- creation of sustainable jobs; and
- allow access to market through supplier development.

However, many SMEs have experienced some challenges mainly attributable to late payments by the public sector entities. This has imposed a major financial strain on SMEs, resulting in some of the businesses closing down. There are number of interventions at the ministerial level spearheaded by the Department of Small Business Development in an effort to address the SME plight. The expeditious resolution of this matter will auger well for the flourishing and growth of the SA's SME sector.

Example of Procurement Finance Transaction:



Elidna Trading (Pty) Ltd is a 100% black owned and managed business that was established by Mr. Andile Dlamini in 2006. It is a transport and logistics business based in Johannesburg, Gauteng. It started operations in 2010 as a transport services provider for tourists, during the 2010 FIFA World Cup. The business was subsequently involved in various types of business opportunities including providing transport for scholars.

The Business has been awarded a 5-year contract to supply truck horses for bulk and delivery of loads to and from SPAR Distribution centers nationwide on behalf of Orange/SPAR South Africa. Elidna Trading will be one of the five dedicated carriers fully supported by Orange Logistics.

SPAR Group Limited and Orange Pallet Inc T/A Orange Logistics have entered into an evergreen *en commandite* partnership agreement in 2015, by way of a joint venture. The two entities have undertaken to operate a cost saving logistics operation in terms of which they will work together in the inbound and outbound supply chain into SPAR distribution centers from various suppliers that have their products at Spar retail shops.

The total of R13.8 million was approved by the NEF for the purchase of five truck horses and for working capital requirements to fulfill the contract awarded to Elinda. The transaction will result in the creation of 11 new jobs and 1 retained job.

II. Entrepreneurship Finance

Funding under the Entrepreneurship Finance product targets black-owned SMEs that require either start-up or expansion capital to pursue business opportunities presented by the market in general. Businesses supported are neither associated with any franchise brand nor do they have a contract to service. These are businesses that are run by entrepreneurs who have identified a niche and have developed a product or service to address a need. NEF supports businesses that have already developed a product or service that has been tested and launched to the market but require funding to scale up operations in order to reach critical mass.

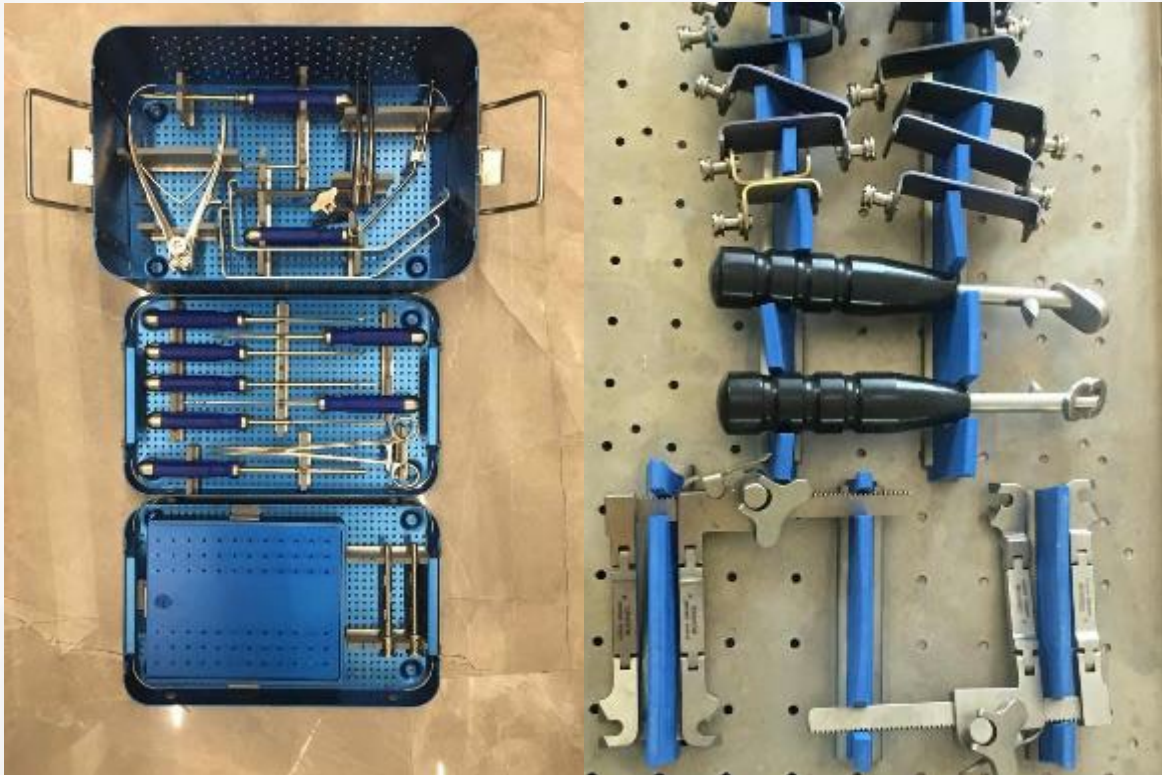
The strategic rationale for the product is:

- facilitate access to funding for black entrepreneurs who do not have the collateral to raise funds from banks;
- creation of new enterprises owned by black people; and
- creation of sustainable jobs.

This is one area where SMEs experience most of the market failures. NEF has designed non-financial support interventions to minimise the probability of failure, which include the following:

- provision of incubation through partnership for businesses that do not have business ideas that are ready for the market;
- entrepreneurial training for businesses that have limited operating experience and need business support to get their businesses ready for funding;
- post-investment, NEF provides an extensive mentorship and back office accounting services which are mandatory for all investees; and
- structuring longer moratorium period on interest and capital repayments to allow businesses to build cashflow.

Example of Entrepreneurship Finance Product:



Mossmed (Pty) Ltd a 100% black owned and 50% women-owned and managed business was established in 2015 by the entrepreneur, Mr. Mosaletsane Elias Mofokeng and his wife, Mrs Khombisile Thuli Mofokeng. Situated in Alberton, Gauteng, Mossmed operates in the medical device industry (manufacturing) specifically in the orthopedics space (also called orthopedic surgery) which focuses on injuries and diseases of the human body's musculoskeletal system. Mossmed also supplies medical devices/implants for neurosurgery (skull) and spinal surgery across private and public hospitals in South Africa. The total loan of R6.7 million was approved to purchase equipment and for working capital needs to be able to service the growing demand of their services. The transaction will result in the creation of five new permanent jobs, five retained jobs and one internship.

B. uMnotho Fund

This Fund is designed to improve access to BEE capital and has five products: Acquisition Finance, New Ventures Finance, Expansion Finance, Capital Markets Fund, and Liquidity and Warehousing. These products provide capital to black-owned and -managed enterprises, black entrepreneurs who are acquiring shares in established white-owned enterprises, new ventures finance and BEE businesses that are listed or wish to be listed on the JSE. Funding ranges from R2 million to R75 million.

Under uMnotho Fund the NEF chose the following key strategic sectors as instruments for increasing black inclusion, transformation and contributing to the economic growth of South Africa:

- Property sector including Student Accommodation
- Transport and Logistics
- Construction & Materials
- Fourth Industrial Revolution
- Creative industries & Media
- Tourism



Property Sector



The property industry is still far from a true reflection of South Africa's demographics in terms of ownership patterns, judging from the few numbers of black people participating in the industry. The true empowerment in the property sector is still lagging; black people are still largely excluded from the entire value chain, which is unacceptable and unsustainable 27 years into our democracy.

According to the Department of Public Works' 2020 Annual Report, the national government spent about R5 billion per annum. Property leases are, on average, concluded at costs that are above the market rates; hence the high rental expenditure of approximately R5 billion per annum. There are a few landlords who dominate the lease portfolio in government, preventing new entrants to the industry, especially previously disadvantaged groups. The importance of a government lease was that banks recognised that the government would always honour its payments. By far the best tool to transform the industry was through government-owned properties.

On the JSE, it was mostly through this government intervention that the property industry started to see the emergence of black entrepreneurs and landlords in the property space. This gave rise to a few BEE funds, or funds with BEE credentials such as Ascension, Delta, Dipula and Rebasis, with a then combined market capitalisation of R18 billion, which only **made up about 4% of the total market capitalisation of the sector**, which was approximately R400 billion.

Since inception, the NEF has been playing its catalytic role in transforming the property sector and has disbursed over R393 million. These transactions were in retail properties, tourism properties; affordable & social housing as well as industrial and student accommodation.

The average number of jobs supported by the investment in this sector is 6 915 during construction while 5 536 are permanent jobs.

The lack of transformation in the sector and the targets as set out in the property charter, which further addresses issues pertaining to ownership, management control, skills development, enterprise and supplier development and socio-economic development; the property industry when compared to other sectors of the South African economy is one of the least transformed in the local economy.

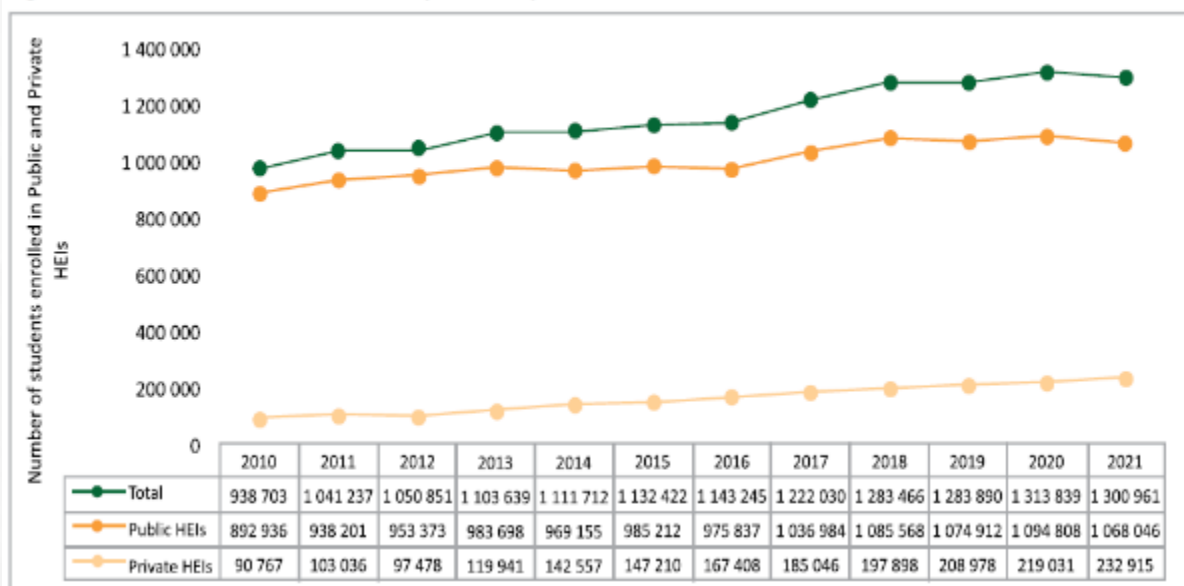
It is therefore a strategic imperative for the NEF to continue investing in the sector; to meaningfully support and grow real black property entrepreneurs is necessary in order to nurture and grow talent and create a new generation of black property players. It is also important to highlight that within these statistics of black players, there are very few, if not any female-led property companies or developers. Property ownership and development have a fundamental role to play in creating employment, creating wealth, and is a pivotal tool for economic freedom and transformation.

a. Student Accommodation – Sub Sector of Property



The Department of Higher Education and Training (DHET) statistics on post-school education training in South Africa published in 2023 shows that a total of 1.3 million students were enrolled in public and private Higher Education Institutions (HEIs) in 2021 as depicted on the figure below. Enrollment in public education institutions accounted for (82.1% or 1 068 046), while only 17.9% or 232 915 enrolled in private HEIs.

Figure 4.1: Number of students enrolled in public and private HEIs, 2010 – 2021



Source: DHET, 2023

In 2023, the National Student Financial Aid Scheme (NSFAS) reported that it will require 397 000 beds in 2024 while a total of 393 227 beds have been registered by 20 751 accommodation providers across the country. The Organisation Undoing tax abuse (OUTA) provided a breakdown of student accommodation by institution and ownership types as depicted on the table below.

Institution Type	Accommodation Type	Number of students
TVET College	Institution Owned Accommodation	12,000
	Private Owned Accommodation	120,000
University	Institution Owned Accommodation	100,000
	Private Owned Accommodation	165,000

Source: OUTA, 2023

In the context of the above, it is clear that there's a national challenge shortage of accommodation for South African students at tertiary and vocational level. This shortage is expected to increase with anticipated expansion in student enrollments as population continues rising. The demand for safe, sustainable accommodation needs deliberate action urgently because this has a direct effect on students' academic success. The government is committed to ensuring that in expanding fee-free education for students from poor and working-class backgrounds it will include accommodation, transport, and study materials for qualifying students at public colleges and universities.

South African universities have been battling to accommodate a striking portion of the student population and there is a growing demand for purpose-built student accommodation (PBSA) as demonstrated by the Table below reflecting the net effective demand per public institutions:

	2020 Enrolments (Contact Students)	Public PBSA	Private PBSA (2km radius)	Total PBSA	PBSA Ratio	Effective Demand	Net Effective Demand
Cape Peninsula University of Technology	32,876	5,843	10,253	16,096	49%	16,87	6,26
Central University of Technology	19,762	1,118	405	1,523	8%	18,239	11,915
Durban University of Technology	32,122	2,611	19,369	21,98	68%	10,142	-137
Mangosuthu University of Technology	13,733	1,886	0	1,886	14%	11,847	7,452
Nelson Mandela University	29,253	3,295	2,249	5,544	19%	23,709	14,348
North West University	50,664	9,215	5,713	14,928	29%	35,736	19,523
Rhodes University	7,791	3,657	120	3,777	48%	4,014	1,521
Sefako Makgatho Health Science University	7,599	1,573	0	1,573	21%	6,026	8,594
Sol Plaatjie University	3,527	978	0	978	28%	2,549	1,421
Tshwane University of Technology	65,738	10,164	8,762	18,926	29%	46,812	25,776
University of Cape Town	27,873	6,579	6,317	12,896	46%	14,982	6,061
University of Fort Hare	18,431	5,089	2,539	7,628	41%	10,803	4,905
University of Free State	42,037	5,978	2,258	8,236	20%	33,801	20,349
University of Johannesburg	46,937	6,481	30,091	36,572	78%	10,365	-4,655
University of KwaZulu- Natal	49,542	7,384	1,715	9,099	18%	40,443	24,589
University of Limpopo	22,728	7,316	320	7,636	34%	15,092	7,819
University of Mpumalanga	6,624	1,373	0	1,353	20%	5,291	3,151
University of Pretoria	49,875	8,044	27,078	35,122	70%	14,753	-1,207
University of South Africa	0	0	0	0	0%	0	0
University of Stellenbosch	32,706	7,931	3,776	11,707	36%	20,999	10,533
University of the Western Cape	24,366	3,656	0	3,656	15%	20,710	12,913
University of Venda	19,000	2,036	0	2,036	11%	16,964	10,884
University of Witwatersrand	39,436	6,336	28,620	34,956	89%	4,480	-8,139
University of Zululand	16,916	4,354	0	4,354	26%	12,562	7,149
Vaal University of Technology	20,39	3,081	1,838	4,919	24%	15,471	8,946
Walter Sisulu University of Technology	33,219	5,354	2,463	7,817	24%	25,402	14,772
Total	713,15					437,952	209,744

(Source: “Statistics on post school education and training in South Africa 2021”)

South Africa's post-high school education and training sector comprises of 26 public universities, 50 public technical and vocational education and training colleges, nine community education and training colleges and numerous private universities and private colleges.

Access to quality affordable student accommodation in South Africa forms an integral part of the higher education system. However, demand for such student accommodation presently outweighs supply. This demand gap has resulted in the development of the PBSA sector, mainly buoyed by the development of private student accommodation. Incidentally, the development of private accommodation created another gap between affordable accommodation and mid-level student accommodation, thus, resulted in rising demand for affordable student accommodation – particularly for students that are funded by the National Student Financial Aid Scheme (NSFAS)

There is a wide gap between affordable and mid-level student accommodation in particular, as the South African government aims to increase the number of students enrolled at universities and TVET colleges to 4.1 million by 2030. This in itself is an opportunity for investors looking to break into the student accommodation as part of a buy-to-let portfolio.

It is for this reason that the NEF has since entered this space to support black entrepreneurs who want to alleviate the challenge. The NEF has approved R136 million towards student accommodation developments with a total project size of R354 million. A total of 1 223 jobs that will be created during constructions, and 166 permanent jobs will be supported during the operation phase.



Example of Investment in Student Accommodation:



MapChief Trading (Pty) Ltd, a 100% black owned and 50% woman owned company was established in 2015 for the purpose of developing a student accommodation in Pretoria West (the “Ha Bo Rona Project”). The company was founded by Ms. Ephy Motlhamme and Mr. Thabo Mongoato, who later partnered with a smaller predominantly women-owned business holding 14.41% of the business while the Founders retain 85.59%. The development situated on 463 and 459 Hanny Street, in Pretoria Gardens will be constructed to house 308 Tshwane University of Technology (“TUT”) students. The development will be a 5-storey single block building with 7 756-square metre, 2-bedroom units and 44 parking spaces. The land has already been purchased and measures 2 039 square metres. TUT has been engaged and has issued a letter of support to MapChief to place the students in the facility on successful completion of the accreditation process. MapChief has approached the NEF for funding of approximately R33.4 million to fund the Project, alongside the Gauteng Partnership Fund (“GPF”), who will be contributing R13.4 million while the sponsor will contribute R5.4 million. The long-term strategy of MapChief is to develop and maintain student properties nationally. Approximately 128 jobs will be created by this project, with 8 of the jobs being permanent.

Ongoing opportunities and NEF’s involvement in the sector:

The National Department of Higher Education, NSFAS & Universities have developed an Accreditation Policy to deal with the shortage and improve the state and condition of accommodation students have access to off campus. Strategic Black Developers are rejuvenating city centres by turning older unoccupied buildings into modern student apartments for rental to university students. The NEF in partnership with other co-funders are supporting Strategic Black Developers to develop student accommodation properties. There is an opportunity to invest – there is a shortage of over 750 000 student beds nationally.

b. Commercial Property – Sub Sector of Property

GNI Social Housing (Pty) Ltd (GNI) a 100% Black owned development company, managed by Mr Kgomotso Nakene, was established in 2018 to take advantage of opportunities in the social housing markets. The funding requested from the NEF was for the development of Social Housing Units in Jeppestown called Unity House Social Housing Units. The project is an inner-city building conversion and extension for the delivery of 95 social housing units with retail facilities on the ground floor of the units. The project is part of the Urban rejuvenation program in the City of Johannesburg with a project size of R38 million. The Social Housing Regulatory Authority provided 75% of the funding, while the balance (25%) was funded by the National Empowerment Fund through a combination of debt and equity funding. The project was implemented by the GNI Social Housing Company and the Department of Human Settlement's agency the Social Housing Regulatory Authority (SHRA). The units will be used as rental stock by GNI Social Housing (Pty) Ltd built for families who earn a combined household income of between R1 500 and R15 000. The project which started in March 2020 was completed in July 2022, creating 230 jobs with 277 jobs benefitting youth during the construction phase.



“The project is a prime example of infrastructure investment in action and speaks to the aims of the Economic Reconstruction and Recovery Plan (ERRP) The project is a prime example of infrastructure investment in action and speaks to the aims of ERRP through economic transformation, job creation, skills development, consolidating the social wage through reliable and quality basic services, spatial integration, human settlements, social cohesion and safe communities.” – Public Works and Infrastructure Minister, Patricia de Lille - August 30, 2022

II. Transport and Logistics

South Africa is home to the farthest-reaching and highest-quality transport network on the African continent, which is good news for aspiring transport entrepreneurs. Road and rail networks are the backbone of any economy. However, they are also one of the most important assets in terms of sheer monetary value. For decades the country's extensive road, air, rail and sea links have underpinned economic and social development not only in the domestic market but through the region as a whole. As with all sectors of the economy, however, transportation and logistics remain largely untransformed.

The NEF has invested over R505 million in the sector, which comprises 3.27% of the invested portfolio. NEF investment has supported 3 165 jobs.

Example of Investment in this industry:



Mdibi Projects (Pty) Ltd is a 100% black owned company that specialises in supply and installation of Fire Equipment, Heavy-Duty Industrial Machines, Electronic Power Tools, Emergency Medical

Equipment, disaster management solutions and ICT Accessories across all Provinces within the Republic of South Africa. Situated in Ferndale, Gauteng the business procures their equipment from both local and international suppliers, however, 90% of the specialised equipment is imported due to the lack of local manufacturers. 10% of the equipment and machinery that is sourced locally is either from distributing agents or where it customised fabrication.

Mdibi Projects is currently executing multiple contracts with City of Ekurhuleni, City of Tshwane and Transnet Freight Rail. The Total contract value from these contracts is R56.2 million. The total value of all the Contracts and purchase orders can be further detailed as follows:

- City of Ekurhuleni – R44 million, delivered within the next 30 months.
- City of Tshwane – R9.9 million, delivered within the next 21 months.
- Transnet Freight Rail – R3.9 million, delivered within the next 12 months.

The business is at its growth phase and is being awarded more contracts and orders, over and above the current growth. Mdibi Projects has approached the NEF to raise R5 million to fund working capital to execute various contracts awarded by City of Tshwane, City of Ekurhuleni and Transnet Freight Rail. The transaction will maintain 5 jobs.

The NEF continues to play in the sector as there is continuous demand in the economy. The sector is also highly untransformed and most corporates (especially mining houses, SOE's, oil majors, etc.) are looking for black entrepreneurs to source this service from. The NEF will continue to fund black participation where there are direct contracts with these companies and scalability.

III. Construction and Materials

Given its considerable size, the construction sector is envisaged to play a powerful role in South Africa's economic growth, in addition to producing structures that add to productivity and quality of life. Since construction is labour intensive, when the sector is working at full capacity, large sections of the nation's work force are active.

Examples of support for black economic empowerment in the sector are as follows:



Dika Plastic Pipes (Pty) Ltd (DPP), situated in Middleburg, Mpumalanga is a 100% Black owned company engaged in the manufacturing of plastic pipes and related fittings. Until recently, DPP supplied non-certified High-Density Polyethylene (“HDPE”) pipes to a small segment of the market. The Company has now obtained its SANS - 4227-2 certification, thus, has the opportunity to sell the SANS-4227-2 pipes to a wider customer base.

In addition to the HDPE pipes, DPP will also have Low-Density Polyethylene Pipes (“LDPE”) and Polypropylene (PP) Pipes in its product portfolio – the additional capacity will facilitate this addition. The expansion funding will be utilized in:

- Acquisition of manufacturing machinery
- Testing equipment
- Acquisition of delivery vehicles
- Funding the installation of an alternative energy source and working capital.

The NEF approved R39 million worth of funding, helping Dika Plastics retain 9 jobs while creating 44 new jobs.

Outlook of the sector going forward

The construction sector is distressed, facing a host of risks and challenges, including the continuing shortage of major projects and non-payment by government and other state entities.

The NEF investees will be assisted to diversify their revenues and increase the number of projects they have to ensure they remain operational through the current economic conditions.

An opportunity exists for NEF investees to venture into the following segments: Developments, Materials, Mining, Roads and Earthworks.

Furthermore, with the R100 billion committed towards the Infrastructure Fund for the next 10 years opportunity exists for both NEF investees and new applicants; this will drive job creation, black empowerment and economic growth. The NEF will not focus on funding a specific project, but the business model presented. This will ensure the loan is serviced even when the specific project is running at a loss, but the business is profit making.

IV. Creative Industries & Media

In 2015, revenue from cultural and creative industries generated globally accounted for 3% of the world's Gross Domestic Product (GDP), or a total of \$2.250 trillion. It also created a total of 29.5 million jobs worldwide, or 1% of the earth's actively employed population.

South Africa is aligned with this trend where in 2014, according to some early mapping of the sector, South Africa's creative economy contributed over R90.5 billion to the national economy or 2.9% of the GDP in 2013 to 2014, exceeding, for instance, the contribution of agriculture to the GDP (2.2%). In 2014 the industry accounted for 2.9% of employment in South Africa, equating to 443 000 jobs.

Between 2016 and 2018 the South Africa's cultural and creative industry contributed R74.4 billion to the country's GDP according to a new study titled "Economic Mapping of the Cultural and Creative Industries in South Africa 2020", the study that was released by the South African Cultural Observatory (Saco) suggested that the creative industry's direct contribution to GDP was 1.7% in that period. The pandemic has brought about some adverse impact on the film industry and a level of disruption in the way things are done. The most perceptible changes are in the way that filming on location and in studio is done, distribution and exhibition of the content and cancellations/postponements of major film markets and festivals which are key in securing international movie deals.

The contribution of the creative economy to the country's GDP is not reflected as it remains the most underappreciated economic driver in South Africa.

It is precisely to harness the productive potential of the sector that the NEF has continued to increase its support for black entrepreneurs in both the creative and media industries, having invested a total **R524 million**. The NEF has disbursed R39 million in the creatives sector. This

investment has unlocked 1 762 job opportunities. Even though editorial leadership in the country's newsrooms has largely been transformed, ownership remains primarily white.



Examples of NEF funding in this space include:



The Kings Sequel: Let Freedom Reign (Pty) Ltd is a special purpose vehicle (SPV) that has been incorporated with the sole mandate of housing the production of the new movie – The Kings Sequel: Let Freedom Reign (The Kings Sequel). This follows the original Film of Kings of Mulberry Street: Let Love Reign, which the NEF provided bridging funding for in 2018. That facility has since been successfully exited. Judy Naidoo Films (the company behind the movies) is 100% black women owned business. The company has approached the NEF for funding of R10.635 million to shoot the new movie The Kings Sequel, which will be released on Netflix. The location of the new movie is entirely based in KwaZulu-Natal, creating 177 new jobs to produce the movie.



Vengeance Five (Pty) Ltd is a 100% black owned Special Purpose Vehicle (SPV). The SPV by Fardeen Productions has been established exclusively for the production of the film titled: *A Love Like Bollywood*, which will be shot and produced in KwaZulu-Natal. The SPV received grant funding of R5.59 million from **the dtic**, National Film and Video Foundation and KZN Film Commission towards the production budget of the Film. The NEF approved R4.45 million for bridging of outstanding grant funding to support the production of *A Love Like Bollywood*. The company will create 393 temporary jobs in the Film and Television Industry

C. Strategic Projects Funds (SPF)

The fund aims to play a central role in early-stage projects by identifying, initiating, scoping and developing projects that are in sectors identified by government as the key drivers to South Africa's economic growth.

In support for black industrialists, the NEF creates new manufacturing and industrial capacity alongside local and international partners.

Through the Strategic Projects Fund (SPF), the NEF has made important steps in seeking competitive opportunity for the South African economy and the inclusion of black participation in opportunities at the outset of projects, as opposed to doing so during equity closure.

In essence, in this area the NEF aims to:

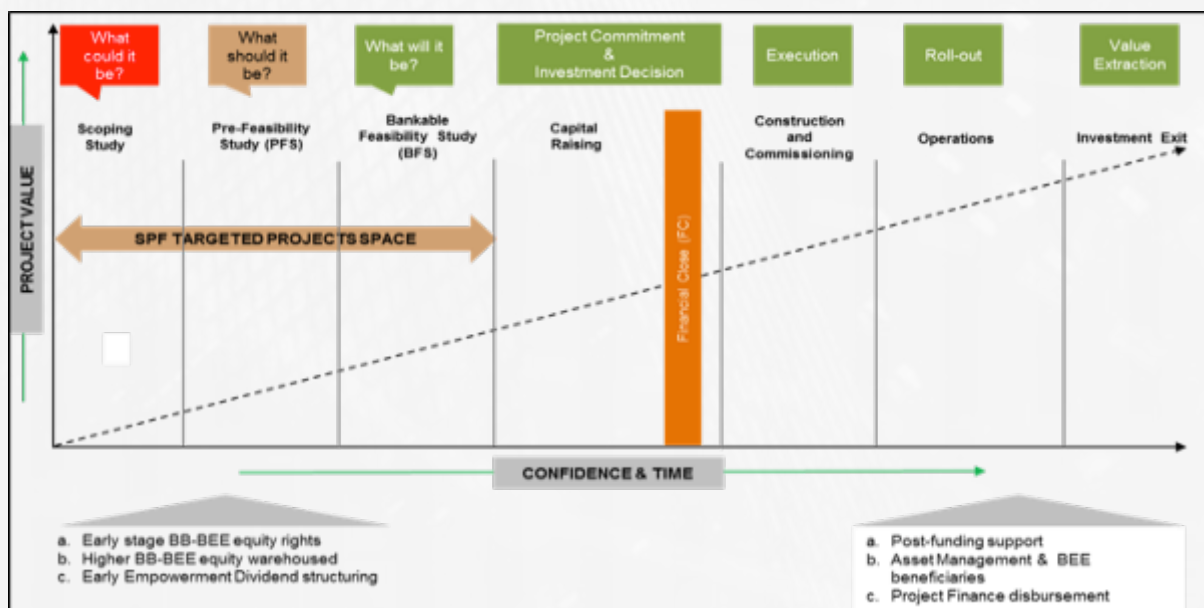
- Create new manufacturing and industrial capacity.
- Create new and sustainable jobs as opposed replacement capital finance
- Invest new fixed capital into economically depressed areas or poverty nodes

- Create an inclusive economy by increasing black South African participation at the early stages of projects.
- Increase South Africa's export-earning potential and reduce import dependency.
- Increase co-investment and linkages with foreign direct investors.

I. SPF Beneficiation project lifecycle

Industrial projects typically undergo an extensive and rigorous development cycle prior to reaching a bankable stage at which point they can be evaluated for commercial viability and funded by investors.

Such investors can either be equity and/or commercial funding institutions through debt, quasi-debt or equity instruments, for implementation. As illustrated graphically below, over time with the progression of project development, the confidence in the potential viability of a business concept and the value of the project increase.



The typical project development stages include:

1. *Scoping & concept* – this is the initial stage of project development used to generate, refine and short-list ideas for further development.
2. *Pre-feasibility Study (PFS)* – this is the second stage of project development during which business models developed during the scoping phase are assessed for commercial viability, developed in more detail with qualifying assumptions, and a project risk matrix drawn up to conclude the potential commercial viability of business concepts.

3. *The Bankable Feasibility Study (BFS)* is the final project development stage wherein the material project contracts are executed, minimising or eliminating project implementation and viability uncertainty in order to permit capital raising for project execution.
4. *The Capital-Raising Stage* is reached when project execution capital is raised from equity investors and/or debt providers.
5. *Financial Close (FC)* is the stage at which all project capital is raised, potentially unconditionally in readiness for fund drawdown and project implementation, subject to fulfilment of any Conditions Precedent (CPs).
6. And lastly, *Project Implementation* is execution stage of the project e.g. construction phase, followed by set up of the operational company.

At the NEF the SPF targets investing in these projects as early as practically possible for three key reasons:

- firstly, to achieve the lowest investment equity subscription or entry price;
- secondly, to influence the equity or ownership structuring of the projects, with a leaning towards B-BBEE empowerment; and
- thirdly, to secure equity to be warehoused on behalf of and for future distribution to B-BBEE entities.

Through the Strategic Projects Fund, NEF will facilitate B-BBEE in the following ways:

- Warehouse equity for B-BBEE in early-stage projects at valuations with little or no premium paid to access the projects. This enables NEF to distribute its warehoused equity to B-BBEE at lower valuations once the project is operational;
- Take early-stage risk on behalf of black people as early-stage projects have higher execution risks compared to operational companies. The NEF will assume most of the financing risk and devise instruments to carry or transfer equity to B-BBEE once project fatal flaws have been mitigated;
- Manage the project and venture capital finance structuring complexities as it is more complex and difficult to raise capital for new ventures as compared to uMnotho finance deals where valuations can be ascertained based on historical performance and risks are clearly understood;
- Enable project promoters to focus on making projects bankable and operational by giving the B-BBEE status as NEF is the only DFI gazetted as a B-BBEE facilitator;
- Once the initial project risks have been reduced, the NEF will transfer its shareholding to selected B-BBEE groups through a transparent process.

II. Growing Black Industrialists

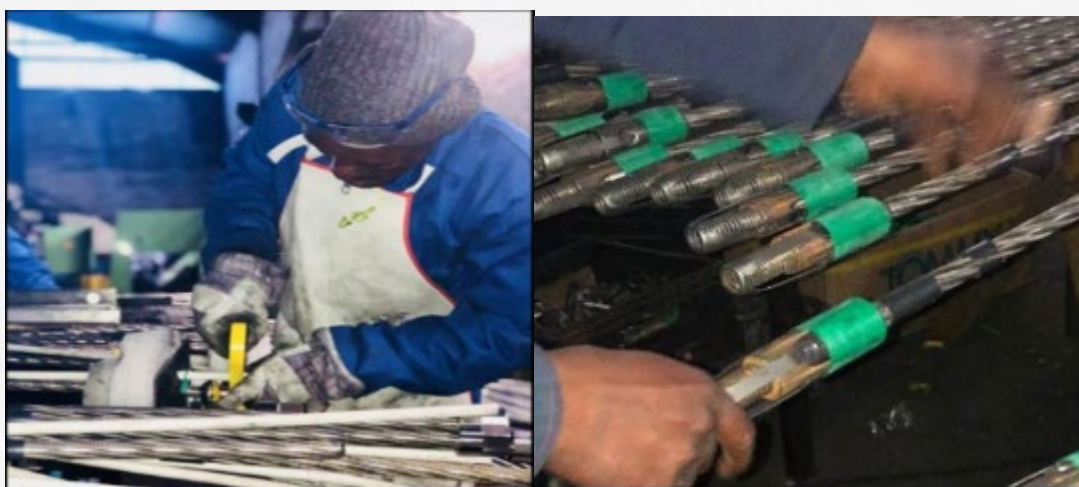
Through the SPF the NEF has been hard at work to increase the number of black people participating proactively in early-stage projects and other divisions of the NEF proactively seek to invest in expansionary and new ventures. Through the SPF fund the NEF has made important steps in seeking competitive opportunity for the South African economy and the inclusion of black participation in opportunities at the outset of projects, as opposed to doing so during equity closure.

The total portfolio of Black Industrialists that were supported by the NEF in partnership with local and international investors amounts to 24 projects valued at R12.5 billion.

The SPF seeks to create new manufacturing and industrial capacity alongside local and international partners. To date the NEF has invested approximately R900 million in developing projects (with a total of 24 projects currently under development); businesses that have created over 3 600 jobs and leveraged over R4.3 billion of third-party funding.

Examples of transactions funded under this Fund include:

The **Mohlalefi Engineering (Pty) Ltd** story started in 2019, when R15 million was approved by the NEF to cover costs for a Bankable Feasibility Study towards the establishment of a manufacturing facility for Anchorflex and Shotcrete products that are used in the mining industry. The funding was sought to assess the viability of the establishment of South Africa's first wholly black-owned, mining support systems and accessories manufacturing facility utilising a pilot. Since its inception the Mohlalefi pilot has proved beyond a doubt the economic viability of the entity by successfully achieving and exceeding all targets of the BFS.



The project has passed financial close and now has entered the phase of construction and operation of a commercial scale plant. The full investment required was R 117 million, in 2023 the NEF approved a further R35.7 million towards the financial close requirement with the remaining R81.3 million being funded by the Industrial Development Corporation (IDC) and **the dtic** Black Industrialist Scheme (BIS). Once fully operational Mohlalefi will provide 70 jobs today and unlock more than 400 jobs by 2027.



Martin Masitise has proven himself to be an exemplary entrepreneur leading Mohlalefi Engineering to be recognized at the Inaugural Presidential Black Industrialist and Exporters Awards in 2022, where he won the Job creation award and was also a finalist for the Best Black Industrialist Manufacturer award. This was in recognition of its efforts in becoming a world-class manufacturer, a leading innovator of products and manufacturing technology as well as a contributor to the export market. The Managing Director Martin Masitise was also elected to be a member of the Black Exporters Network, which was launched, by President Cyril Ramaphosa and **the dtic** Minister, Mr Ebrahim Patel. This Ministerial network of Industrialists seeks to promote the export of South African manufactured goods.



Irwing 310 (Pty) Ltd trading as Topsteel (“the company”) is a 100% black-owned entity established by Mr Edgar Nigel Kock. Topsteel is directly owned by a Trust that is 75% women and 25% youth controlled. Topsteel was initially established as a closed corporation in October 2000 and later converted to a private company in July 2010. The company operates in the steel fabrication/manufacturing sector, supporting the food and allied industries, and critical electrical distribution sectors. The company is a reputable manufacturer of sub-assembly" parts for the Macadams Group of Companies, which are used in the production of commercial bakery ovens for both the local and international markets. Macadams has been in existence for over 120 years and has a presence in over 80 countries through 65 agents that operate in various countries around the world. Continents in which they have a presence include but are not limited to, Australia, African, Europe, and most recently in North America (USA). In addition to this, Macadams supplies their ovens to local bakeries, to major retailers such as Shoprite-Checkers, Woolworths, Pick & Pay, and to several fast-food outlets and franchisors. Topsteel approached the NEF to raise funding to the tune of R9.2 million to install solar panels, an Industrial Generator, and finance working capital, maintaining 41 jobs in the process.

tara 
healthcare

Established in 2016, **Tara Healthcare (Pty) Ltd** (Tara) is a company that supplies the health industry with medical goods, surgical products and devices. The company has relocated its head office from Midrand (Gauteng) to Durban (KZN), however, its medical devices and products are distributed nationally.



Tara was one of the first companies to respond to the government's call for assistance in the fight against Covid 19 pandemic. In this response, the company supplied more N95 face masks, 3 ply face masks, hand disinfectants, medical body suits and isolation gowns. All these and many more of Tara's products remain critical products in the healthcare sector. In 2020, NEF assisted Tara with a R10 million revolving facility. Due to the excellent conduct of Tara's account with NEF, NEF approved another R10 million revolving facility to Tara. The company is led by a black entrepreneur and has been successful in satisfying all the orders in the health sector during the Covid 19 period and ongoing.

Going forward the NEF will continue supporting black industrialists to play a meaningful role in the industrial and manufacturing development of South Africa. The continued support of black industrialists will yield significant job creation, contribute to South Africa's export market and reduce import dependency, and improve living conditions of the population in economically depressed areas.

D. Rural, Township and Community Development Fund (RTCDF)

- The Rural, Township and Community Development Fund was designed to promote sustainable change in social and economic relations and support the goals of growth and development in the rural and township economy, through financing of sustainable enterprises. This would be achieved through the mobilisation of rural communities in legal entities or

cooperatives, in order to participate in the broader economic activities and realise the economic transformation goals in rural South Africa.

- Promote access to finance for black rural entrepreneurs/communities;
- Promote economic transformation in order to enable meaningful participation of black people in the economy;
- Increase the participation of communities, workers, co-operatives and other collective Enterprises owned and managed by black people;
- Create sustainable rural enterprises and thereby assisting in the creation of job opportunities and sustainable incomes; and
- Identify new growth sector with potential for job creation and broad-based participation.

Under RTCDF the NEF chose the following key strategic sectors as instruments for increasing black inclusion, transformation and contribution to the economic growth of South Africa:

- Revitalisation of the Rural and Township Economies
- Tourism
- Agro-processing
- Real Estate

I. Revitalisation of the Rural and Township Economies

The NEF understands the importance of sustainable economic activity in Townships and Rural areas and has developed products that focus on funding businesses in these areas. The NEF currently has substantial presence in townships, rural and peri-urban areas. This is because the NEF believes in taking economic activities and opportunities to where its target market is.

As part of the NEF mandate and strategic objectives, the NEF through the RTCDF is driving black economic empowerment by supporting the growth of rural and township economies in order to help take economic empowerment where the majority of its target market resides. This is in line with the Government's objective to revitalise the rural and township economies. This is because rural and township-based SMEs are typically outside the value chain reducing them to survivalist rather than viable business ventures. This grassroots revolution has seen the NEF funding black-owned shopping malls, hotels, social housing, student accommodation, procurement, franchises, clothing and footwear manufacturers, among many others, including converting existing spaza shops into mini-supermarkets that can compete with established retailers.

Over R2.1 billion has been invested in the development of community-owned businesses, having supported 18 989 jobs, with the majority of beneficiaries being women.

II. Tourism



The benefits of the tourism sector are usually felt at two levels: national and subnational levels. Primarily, tourism is expected to foster economic growth through the provision of foreign exchange earnings and increase of national revenue, and secondary an improvement in people's wellbeing in the areas of job creation, income distribution and development, economic inclusion and indirectly assisting with land redistribution in South Africa. Tourism is closely related to a number of other economic sectors such as agriculture, construction and retail, and thus its development has the potential to generate positive externalities to the rest of the economy. Tourism development can also promote the productivities of other industries through industrial substitution and integration, and lead to structural and transformational change.

As a result, the NEF has funded various lodges and hotels within the tourism industry throughout the country. The total portfolio disbursed to date is over R200 million yielding over 519 jobs; a significant amount and a clear demonstration of NEF's commitment to focus on priority sectors with the potential to create jobs and uplift the economy. The impact of these transactions have influenced social and infrastructure development, such as: road, housing, and retail centres in the respective communities.

The NEF and the Department of Tourism ("DT") entered into an MOU to establish the Tourism Transformation Fund (TTF) that focuses exclusively on the transformation of the South African tourism sector. The DT has contributed a total of R120 million towards the fund, which was transferred to the NEF over a 3-year period from the 2017/2018 to 2019/2020 financial year (R40 million per annum). Through this partnership, the NEF finances the senior debt and

shareholder's loan portion of the transactions while the DT funds are applied as grant funding. The TTF grant component is capped at 50% of the total funding approved by the NEF up to a maximum of R5 million per applicant.

Example of transaction in the Tourism sector:

Imvomvo Country Lodge (Pty) Ltd is a 100% black owned (with 55% black women) tourism establishment in Ntabankulu, Eastern Cape. Imvomvo boasts magnificent mountain and valley views, together with comfortable accommodation, conferencing, and event facilities. Built on the background of a rocky mountainous hill, the Lodge is situated less than 2km from the N2 national road along the path to the Ntabankulu town. This N2 route is the only one that connects travel from Durban, all the way to Port Elizabeth. The Lodge is also centrally located within the Alfred Nzo District Municipality making it an ideal midpoint meeting location for clientele based within the district and those travelling to the district.

The business was established in 2014. It kicked off with merely 8 lodging rooms (rondavels) at the time and a small boardroom. It has now expanded to 34 rooms 1 large event hall (which can accommodate 350 people) and 4 smaller conference / event venues. The startup and expansion costs of Imvomvo have amounted to R10.14 million, of which R3.84 million was own contribution by the founders and R6.3 million was from internally generated cash flows. The NEF will invest directly in Imvomvo Country Lodge (Pty) Ltd, a total of R12 million, made up of Alternative Energy Fund Facility of R1.8 million and Tourism Transformation Fund (TTF) grant of R5 million. The funding will be used for construction, property renovations, furniture, equipment, decoration and working capital. The expansion will result in the maintenance of 24 jobs and creation of 6 more jobs.



Below is a list of other transactions that have been funded by the NEF through the TTF Programme:

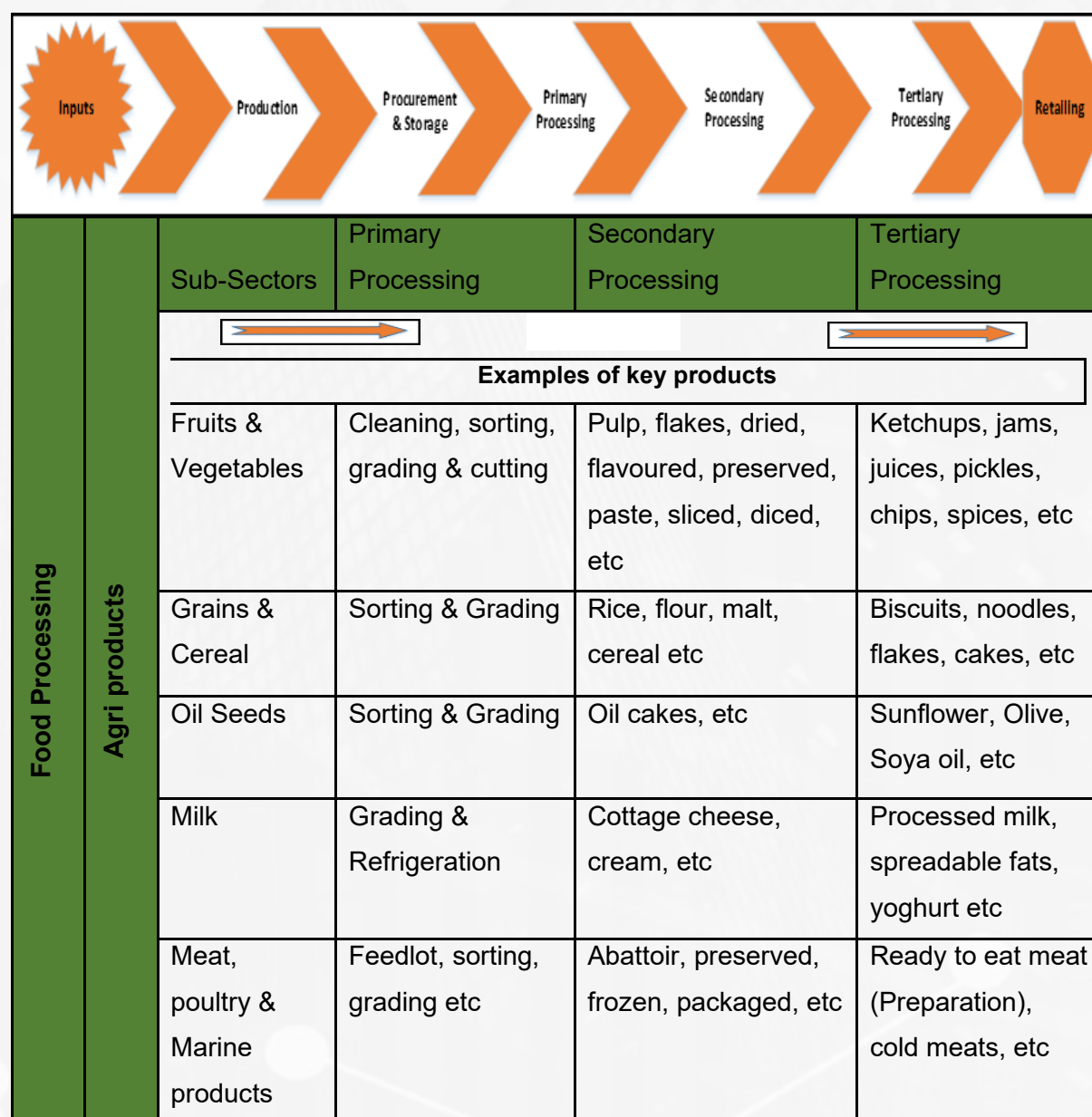
No.	Company Name	Nature of Business	Province	Location	TTF Approved Portion	NEF Approved Portion	Total Approved Amount	Women Ownership (%)	Total Jobs
1	Tala Game Reserve	Game Reserve	KZN	Pietermaritzburg	R5,0 m	R8,63 m	R13,62 m	50%	54
2	Graskop	Lift company	MP	White River	R5,0 m	R38,4 m	R43,4 m	50%	81
3	Golden Valley Lodge	Game Lodge	GP	Magaliesburg	R5,0 m	R8,2 m	R13,2 m	60%	22
4	Royal Thonga Safari Lodge	Safari Lodge	KZN	Maputaland, Tembe	R5,0 m	R7,71 m	R12,71 m	0%	47
5	South Hill Trading (Pty) Ltd	Boutique hotel in Upington	NC	Kimberly	R5,0 m	R10,0 m	R15,0 m	100%	49
6	African People Movers Charters (Pty) Ltd	Tour bus operations	GP	Pretoria	R1,8 m	R4,2 m	R6,0 m	0%	244
7	Hayani Guest House	Guest House based in Polokwane	LP	Polokwane	R3,69 m	R3,72 m	R7,41 m	70%	31
8	Miami Lodges	Accommodation	LP	Polokwane	R1,85 m	R4,33 m	R6,18 m	0%	55
9	Nare Leisure Investment	Boutique Hotel	NC	Kimberly	R5,0 m	R6,77 m	R11,77 m	100%	75
10	Thaba Summerhill Resort	Lodge located in Kgapan Limpopo	LP	Kgapane	R5,0 m	R10,5 m	R15,5 m	0%	90
11	Limakatso Entertainment Centre CC	4-Star graded Boutique Hotel	EC	Aliwal North	R2,72 m	R5,44 m	R8,16 m	50%	46
12	St Eve (Pty) Ltd	Guest House	FS	Bloemfontein	R3,04 m	R3,04 m	R6,09 m	100%	9
13	ZAD HIRING PTY(LTD)	Services	EC	Gonubie	R5,0 m	R6,49 m	R11,49 m	100%	40
14	The Hill Boutique Hotel (Pty) Ltd	Boutique Hotel	EC	Tsolo	R5,0 m	R9,51 m	R14,51 m	100%	22
15	De Ponte Boutique Hotel	Boutique Hotel	FS	Welkom	R5,0 m	R14,87 m	R19,87 m	80%	17
16	Rensia Lodge	Lodge	LP	Venda -Thohoyandou	R3,15 m	R3,15 m	R6,29 m	100%	68
17	Imvomvo Lodge	Lodge	EC	Ntabankulu	R5,0 m	R7,08 m	R12,08 m	55%	34
18	Madalo TreeHouse (Pty) Ltd	Accommodation	LP	Singwezi Camp (Kruger National Park)	R5,0 m	R10,0 m	R15,0 m	0%	70
19	New National Lodge and Conference (Pty) Ltd	Hotel Accommodation	WC	Parow, Capetown	R1,49 m	R2,05 m	R3,55 m	0%	15
TOTAL:					R77,74 m	R164,08 m	R241,82 m		1069

The NEF intends to continue bolstering its partnership with the DT in order to grow the participation of black businesses within the tourism sector. Both the NEF and DT continue to promote the TTF programme and source commercially viable transactions. With the continued support of businesses within the tourism sector, the NEF will not only contribute in growing this sector but will assist in growing other sectors that benefit from the tourism sector.



III. Agro processing

An analysis of the agribusiness value chain provides an indication of areas of funding that are complementary between institutions. Though funding institutions may fund similar sectors, the scale and the level may be completely different. NEF is stronger on the primary & secondary processing, whilst the IDC may be interested in the tertiary processing.



The above agribusiness value chain analysis reflects the areas in which the NEF has played a huge role and invested quite substantially. The transactions in this space are on the borderline of agro-processing and hence there are areas of cooperation with the IDC as they focus on fully-fledged agro-processing. The NEF has always played a role in primary agro-

processing, especially when there are strong forward and backward linkages. A forward linkage is created when investment in a particular project encourages investment in subsequent stages of production. A backward linkage is created when a project encourages investment in facilities that enable the project to succeed. Normally, projects create both forward and backward linkages.

The table below indicates the sub-sectors in the agribusiness value chain funded by the NEF:

Transaction	Sector	Sub-sector	Amount Invested	Target Group	Gender		Linkages
					Male	Female	
Forever mushroom	Agribusiness	Horticulture	R6 229 295	Private entity	12	10	Forward Linkages
Kasidev (Pty) Ltd	Agribusiness	Field Crops Vegetables	R6 415 407	Private entity	12	15	Forward Linkages
Green Terrace	Agribusiness	Field Crops Vegetables	R1 700 000	Private entity	5	11	Forward Linkages
Matumaini Farming (Pty) Ltd	Agribusiness	Livestock Poultry	R9 236 000	Private entity	35	61	Backward and Forward linkages
Lebowakgomo Poultry (Pty) Ltd	Agribusiness	Livestock Poultry	R32 166 000	Private entity	355	532	Backward and Forward linkages
Vaphi and Mnomana (Pty) Ltd	Agribusiness	Livestock Poultry	R13 850 000	Private entity	8	13	Backward and Forward linkages
Busani Solutions Group Pty Ltd	Agribusiness	Field Crops Vegetables	R762 358	Private entity	6	6	Forward Linkages
Azowel Projects	Agribusiness	Field Crops Vegetables	R3 500 000	Private entity	11	12	Forward Linkages
Loyisa Consulting and Projects	AgroProcessing	Livestock Dairy	R7 450 000	Private entity	43	42	Backward and Forward linkages
Total Amount			R81 309 060,00		487,00	702,00	

Examples of transactions in the Agro-processing sector:



The Chickery (Pty) Ltd is a 100% black owned and managed enterprise. The business was founded by Mr M Badsha (51%), Mrs I Badsha (44%) and Mrs V Bhikha (5%). The Chickery (Pty) Ltd (The Chickery or the business) was established in 1980 as a retail outlet specializing in fresh and frozen whole poultry, chickens, cornish hens, and roosters, as well as specially cut poultry pieces. It grew from Mrs Badsha's small chicken stall in the English Market in Warwick Avenue, Durban. At the time the chicken distribution industry was dominated by a few national companies, however an opportunity existed for a newcomer who could deliver a

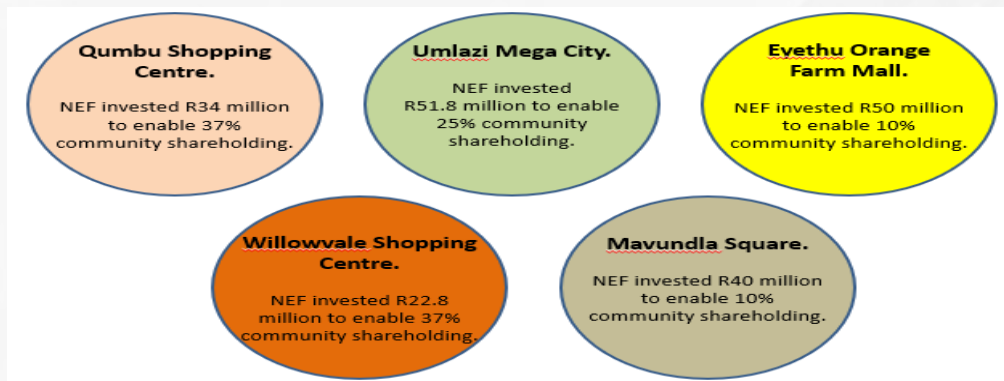
product of equal quality but with the marketing advantage of close personal service. Retail outlets and takeaways were impressed by the service, delivery, and competitiveness which The Chickery offered. It later became evident that there was a need to separate the retail and wholesale operations. The NEF approved funding to the tune of R20.5 million to refurbish a dilapidated structure and working capital. The business has retained 35 permanent jobs.

IV. Real Estate



The Gordon Institute of Business Science undertook research on understanding of the economic environment within rural areas and townships in 2016. The purpose of this study was to understand what research has been done on strategic interventions to revitalise both the rural and township economies, as well as to make recommendations on how to bolster current revitalisation efforts. The literature reviewed has shown a bias towards the retail SMME sector within townships at the expense of wholesale and manufacturing, which, along with retail and due to their symbiotic nature, are a necessity in order to have truly thriving rural and township economies. Further, the rural economy needs to be taken cognisance of if the imbalances of the past are to be addressed, and some of the issues currently faced in townships are to be addressed.

The investment in this sector has a lot of spin-offs and has created a number of SMMEs in the franchising space. For each shopping centre, there is a huge opportunity of franchising, which the NEF has taken full advantage of. This is one of the most successful investment spaces in the rural and township economy that still has a huge potential to grow. The total NEF retail project investment is valued at R908 million and R224 million has been committed.



The Hill Boutique Hotel – The Hill Boutique Hotel is 100% black woman owned and managed business. The Hotel is a start-up 3 star, 17 room hotel, with two conference facilities (63 people capacity) located in the rural area of Tsolo, Eastern Cape province. The business is involved in the tourism and hospitality sector required a total of R14.5 million from NEF, with R8 million coming from the Women Empowerment Fund and R5 million for Tourism Transformation Fund while the Entrepreneur’s contribution was R2 million. The funds were used for the construction, furniture and fittings, vehicle and working capital. 15 new permanent jobs will be created, with 50 temporary jobs created during construction. The business is a start-up with its projections showing positive results to be a sustainable business that will service the required facility. The funding from NEF will enable the participation of a black woman in the hospitality industry.

Umlazi Mega City – The communities of Umlazi and Lamontville townships in KZN, represented by Sizovuna Investments, acquired a 25% stake in Umlazi Mega City Shopping Centre with NEF funding of R51.8 million. We have since been exited by the Community. Created value of R100 million for the community post-NEF exit. NEF realised an investment return of 11%, approximately R90 million. This genuine B-BBEE deal is delivering substantial social returns to community beneficiaries at large, including job creation and skills development.

Orange Farm – In the peri-urban area of Orange Farm, in Gauteng’s Johannesburg south, the NEF has approved R50 million to support 19% upfront community ownership of a regional shopping centre measuring 39 000m². 46% of the shops will be let to black tenants in a mall

whose commercial viability is based on 80% confirmed leases. Between 20% and 30% of the project value will be spent in the Orange Farm area, and retail store opportunities. The NEF and Pick n Pay Partnership as an instrument that fosters the township economies. Below is a list of transactions concluded with Pick n Pay, as part of the Pick n Pay conversion program:

The NEF and Pick n Pay Partnership as an instrument that fosters the township economies:

Pick 'n Pay Conversion Programme				
Name of Investee	Location	Amount Invested	Jobs Created	Women Shareholding
Something Nice	Cape Town, WC	1 730 000	22	49%
BVN Market Store	Mohlakeng, GP	1 430 000	16	0%
Matlala's Market Store	Thokoza, GP	1 550 000	22	0%
Eden Park Market Store	Edenpark, GP	1 395 000	14	100%
TOTAL		6 105 000	74	

An example of investment in the township economy is the partnership the NEF has established with Pick n Pay in a multi-million project that will change the face of micro-businesses and turn them into viable businesses that compete with established retailers in the townships.

The Pick n Pay Conversion Programme is an innovative initiative, which involves the retail chain investing grant funding of up to R500 000 in the upgrading and refurbishing of Spaza shops, connecting them to Pick n Pay systems (including linking them with the chain retailers' group suppliers at preferential rates for stock), providing initial stock and providing business mentorship. The programme creates a unique townships experience. What makes this programme unique is that all store owners remain 100% independent while they continue being supported through an established Pick n Pay systems and processes. The NEF, Old Mutual (through its Masisizane Fund) and Brimstone are co-funding the programme.

E. Women Empowerment Fund

The purpose of the Women Empowerment Fund established in the financial year 2014/15 is to accelerate the women economic empowerment through the provision of funding to businesses owned by black women. Finance will be provided from R250 000 to R75 million across the whole of the NEF existing product suite described above. A minimum of 51% black

female ownership is a main criterion. Black women have to be operationally involved at the managerial and board levels. Other empowerment dividend pillars have to be considered.

Examples of transactions funded under this Fund include:

Nare Leisure Investment (Pty) Ltd (“Nare” or the “Company”), an investee of the National Empowerment Fund (“NEF”) is requesting expansion funding totalling R32,65 million (Rounded-Off) for the development of a hotel, conference, and health spa facility in Upington, Northern Cape – the “Project” or “Nare Upington”).

Nare is a 100% Black Women-owned company that is engaged in the development, ownership, and management of boutique hotels. The Company also offers conferencing facilities and services. Nare is Wholly owned by Ms. Tsholo Wesi, a black woman entrepreneur with a track record of managing successful businesses.



Picture: Image of the new Nare Upington Development

The expansion capital will be utilised for the acquisition and renovation of an existing property as well as the construction of additional hotel rooms and other structures, furniture, and fittings.

The expansion of the Nare brand to Upington is an integral part of the Sponsor’s vision to create a successful, Black-owned, and local hotel chain in the Northern Cape. The Upington operations will comprise a boutique hotel offering 32 rooms, conferencing facilities, two boardrooms and a health spa. The establishment will also offer other leisure activities such as boat rides and water activities. The funds will support Nare’s expansion plans which involve

the development of another hotel and conferencing facility in Uppington. The Project supports the vision of creating a Black woman and locally owned hotel group. Furthermore, at least 60 temporary jobs will be created during construction whilst 29 permanent jobs will be created once the boutique hotel is operational. The is to source labour, for the construction and operational phase, locally. The Sponsor has also assembled a technical team comprising black-owned entities.

6.2.2. Growing BEE Through Partnerships

The NEF has been growing and will continue to make an effort to grow BEE, by partnering with various stakeholders to leverage on funding opportunities to fund NEF investees. The stakeholders are Enterprise Development (ED) funders.

Enterprise and Supplier Development (ESD)

The NEF continuously looks to foster strategic partnerships that unlock third party capital that can be deployed to applicants/investees along with the organisation's own unencumbered capital.



The NEF is currently in partnership with various stakeholders, which are from both the private and public sector, for the purpose of crowding in capital. The following funding partnerships were concluded during the 2022/23 reporting period:

PRIVATE SECTOR CONTRIBUTIONS				
No.	Funder	Actual Funds Received	Primary Objective	Sector
1	Sun City	R75 000	Empower SMMEs in Sun City value chain & tourism sector.	Tourism
	Total Private Sector Contributions	R75 000		
PUBLIC SECTOR CONTRIBUTIONS				
No.	Funder	Actual Funds Received	Primary Objective	Sector
4	the dtic/IDC	R100 000 000	Support businesses affected by unstable electricity supply.	All
5	SARS	R12 500 000	Support SMMEs through supplier and enterprise development.	All
6	Solidarity Fund	R7 100 000	Support businesses affected by civil unrest in KZN and Gauteng	All
	Total Public Sector Contributions	R119 600 000		
	Total Contributions received	R119 675 000		

The financial year 2022/23 saw the NEF's third-party funds raised collectively valued at just under R119.6 million.

Our partnership with SARS, valued at R12.5 million in monetary terms will provide entrepreneurship training to SMMEs over a 24-month period. The NEF will further provide mentorship, access to markets and business turnaround services utilizing its existing

infrastructure and programmes. This will be essential in bridging information and businesses skill knowledge gap in a country which requires an influx of entrepreneurs to stimulate economic growth and development.

NEF in collaboration with **the dtic** established a special fund that will assist businesses with funding to support alternative energy solutions, which is capitalised by **the dtic** to the tune of R100 100m. The Alternative Energy Fund (AEF) is intended to alleviate challenges of loadshedding on businesses to ensure continuation of business during power outages.

The NEF received R120.15 million from various institutions in the current financial year (as at 30 September 2023), R100 million of it from **the dtic** (for Alternative Energy Fund and the Furniture Fund). As the parent Ministry, **the dtic** remains the main source of funds managed by the NEF, highlighting the challenges of raising third-party funding especially from private sector institutions as majority of them have capacity to manage the disbursements of enterprise and supplier development initiatives. The balance of the funds was sourced from the Transnet Group, and South African Reserve Services (SARS).

FUND CONTRIBUTOR	2020 (R'000)	2021 (R'000)	2022 (R'000)	2023 (R'000)	YTD 2024 (R'000)
Department of Rural Development and Land Reform,	-	-	-		
Western Cape Department of Economic Development, Environment and Tourism	R10 000	-			
DSAC	-	-			
Nissan	-	-			
Department of Tourism	R40 000	-			
Pick N Pay	-	-			
Transnet Port Terminals	R15 000	R250			R20 000
Bakubung Platinum Mine	R3 000	-			
City Of Ekurhuleni Metropolitan Municipality	R33 000	R0			
Limpopo Department of Economic Development, Environment and Tourism	-	R10 000			
SOIC-CDT	-	R9 000			

FUND CONTRIBUTOR	2020 (R'000)	2021 (R'000)	2022 (R'000)	2023 (R'000)	YTD 2024 (R'000)
the dtic Allocations	-	R491 659	R800 000	R100 000	R100 000
Northern Cape Department of Economic Development, Environment and Tourism	-	R30 000			
Department of Transport			R1 135 000		
NC Gov Economic Development & Tourism			R27 225		
Steve Tshwete Municipality			R20 000		
Solidarity Grant Funding			R273 000	R7 100	
Sun City			R2 925	R75	
SARS				R12 500	R150
MCEP					R300 000
TOTAL	R101 000	R540 909	R2 255 150	R119 675	R420 150

The NEF also has partnerships that have been carried over from the prior financial years. Those include, Sun City, which raised R75 million in 2022/23 to empower SMMEs in Sun City value chain & tourism sector whilst the Solidarity Fund injected R7.1 million to support the economic recovery efforts in response to the riot which took place in Kwa-Zulu Natal and Gauteng.

The NEF has received a total of R3.1 billion in third party allocations in over the previous five years, a growth of around 6.8% compared to the prior year's cumulative total. Our performance in the first half of the year of R120 million already surpasses the performance of the prior year primarily due to the specialised funding programs of **the dtic (R100 million)**, including the furniture fund and alternative energy fund. This high value of partnerships raised from diverse institutions highlights that there is a form of consensus regarding the need to accelerate transformation in South Africa. It also signifies that over the years the NEF has built a strong reputation in managing enterprise and supplier development support through partnerships with various entities across the public and private sectors.



The NEF continues to explore more ESD funding partnership opportunities to diversify its source of capital and maximisation of Empowerment Dividend. Our commitment and drive towards the empowerment agenda is fuelled by the economic exclusion, high unemployment and poverty that continue to face black people.

6.2.3. Maintaining Financial Sustainability

Maintaining financial sustainability remains one of the key objectives of the NEF. In order to achieve this the NEF has to maintain a delicate balance of achieving its developmental mandate while ensuring that the key financial matrix, for example impairments to book and ROI, remain within their targeted range. In addition, the NEF will continue to evaluate exposures/assets within its balance sheet, which can be more effectively managed so as to reduce volatility in earnings.

In order to maintain financial sustainability, the NEF will focus on the following key areas:

- Reduction of impairments;
- Improved collections; and
- Enhancement of the NEF's ROI and management of the cost-to-income ratio.

A. Impairments

For the financial year 2022/23, the NEF has achieved an impairment to book ratio of 25%, against a target of 25%. The target was achieved owing to the increased percentage of collateral and write offs against the loan book, effective credit risk management, monitoring, collection, and recovery processes. Whilst the improved performance represents the achievement of this target in recent years, the NEF will continue to seek more sustainable approach to the management of impairment level over the medium to long term. As observed at the end of 2022/23, we were able to contain the spiralling impairment levels with our short-term measures. In the current financial year, The NEF recorded an impairment of 27% against a target of target 25%, which is attributable to active collection efforts, workout strategies and adequate provisions that were made in the prior year to cover potential losses arising from potentially impaired facilities.

Short-to-medium term

- Increased focus on high-value approved transactions of transactions valued above R20 million;
- Monthly client management meetings to discuss challenges and solutions;
- Monthly impairments management meetings to discuss movements and high-value impairments;

- Linkage of clients and ensure market access for SME clients through various interventions;
- Revise business model if need be and ensure its successfully implemented;
- Quarterly meetings with TWR and LSU with regards to urgent interventions;
- Revaluation of underlying collateral when clients fall into arrears or are in financial distress; and
- Secure additional collateral wherever possible to balance portfolio.

Long term

- Ensure that clients are managed as per original approved terms and/or revised one;
- Establishment of “Value Add” division – where equity transactions are nurtured and exit strategies are planned;
- Independent directors for investee,
- Exploiting synergies between investees,
- Unlocking value via other stakeholders – **the dtic**, SHRA, Gov’t Depts/SOE’s,
- Procurement aggregation on key business inputs e.g. fuel, construction materials, marketing initiatives, etc;
- Seek technical equity partners for some of the transactions;
- Establish construction incubation partnership with entities awarding contracts in public/private sector, SEDA and CIDB;
- Strengthen strategic relationships with contract issuers – direct alert prior to cancellation of contract, scope and rate changes;
- Proactive diversification of client base to avoid concentration risk;
- Continuous analysis of lessons learnt on successful exits; and
- Reduction of the time taken to collect amounts that are in arrears.

The current NEF impairment model utilises GRAP 104 as a basis.

B. Collection Ratio (short-to-long term)

The NEF intends on achieving a collections ratio of 80% and above over the MTEF period. This collection target is a combination of normal collections (as a result of the natural amortisation of the loan book) and extraordinary collections as a result of the NEF proactively seeking exits/settlements where it is deemed commercially viable to do so. The collection efforts will further be enhanced through the following initiatives:

1. Monthly monitoring of clients during moratorium and/or reduced instalment period;
2. Encourage early settlement for amortised loans;
3. Value enhancement on equity transactions and pursue dividends in equity transactions;
4. Convert patient instruments so that clients can start with repayments; and
5. Employment of a collections/debtors' clerk to follow up on non-payments/returned debit orders immediately.

C. Return on Investments and Cost to Income

The ROI on the NEF's assets is 9.96% as at 31 March 2023, with the NEF targeting an ROI of 7%. This is owing to increase during the financial year of the prime lending rate resulted in higher collections.

In the short to medium term the NEF intends on maintaining its ROI within the targeted range. This will be maintained as a result of the following initiatives:

- o Maintaining an appropriate risk-adjusted pricing on newly approved loans; and
- o Encouraging the funds to disburse funds earlier in the financial year to enable the NEF to earn interest for a longer period during the year.

The NEF has a targeted cost-to-income ratio range of between 54% and 58%. In the short to medium term this target range is expected to be maintained through management implementing cost-saving measures, which will ensure that, from an operational perspective, the NEF continues to fulfil its mandate while ensuring that the growth in operational costs is maintained at CPI rate.

****Note:** The adjusted ROI excludes concessionary loans funded from **the dtic** allocations which are priced at 2.5% and less.

6.2.4. Human Capital Plan

The Human Resources (HR) department plays a critical role in supporting the business strategy, in that HR provides an enabling environment and serves as an enabler of people

development and ensures that its processes and procedures sufficiently motivate staff so that they can deliver the required standards and outputs.

The HR department through various interventions, will ensure that employees are actively engaged and contribute to the refinement of its service offering and thus positioning the NEF for success in achieving its mandate. The department does this by:

- Delivering business results through an integrated people-centred strategy, that supports employees by providing training and development opportunities;
- Attracting high-calibre and suitably qualified candidates who are fit for purpose;
- Utilising a pay-for-performance remuneration structure which ensures that key and top talent is retained at the NEF; and
- Ensuring that exceptional performance and potential remains a major yardstick with which performance and ultimately succession planning and talent management is measured, albeit there are other key factors that assist in determining the suitability of the targeted employees.

Underpinned by the NEF's core values, the organisation strives to position itself as an employer of choice. Broadly, the NEF:

- Offers a rich, rewarding and fulfilling career for its employees;
- Embraces diversity in its employees by creating an environment that allows for inclusivity, thereby increasing the levels of employee engagement;
- Offers support and assistance to staff to improve their skills, qualifications and expertise;
- Offers a unique mandate that is appealing to its employees and ensures that they remain engaged all the time;
- Has employees that are young, vibrant and dynamic that go beyond the call of duty for their clients;
- Ensures that the wellbeing of its staff is taken care of and has employee-friendly HR policies; and
- Provides an enabling environment for its employees to thrive in their jobs.

The NEF has, despite operating with limited human capital in the last four years, managed to meet and exceed its annual targets. This situation is, however, unsustainable and has to be speedily remedied as soon as the recapitalisation issues are resolved. This will ensure that the full potential of the organisation is realised as operating processes are already established and tested to allow even higher achievements.

6.2.5. Non-Financial Support

The NEF provides non-financial support through four of its business units, specifically:

- The Pre-Investment Unit, which provides the first line of non-financial assistance to prospective investees. The unit provides support to applicants seeking funding, in addition to entrepreneurial development training. The three key elements are:
 - Business planner tool, which is an online tool that assists users to compile business plans;
 - Business Incubation, which is aimed at providing support to clients who have an idea that is at an early stage; is not ready for funding and therefore needs nurturing.
 - Entrepreneurial training, which is targeted at entrepreneurs who require capacity building and enhancement in running their fledgling businesses.
- The Post-Investment Unit, which manages the investment portfolio management through monitoring of investee operational performance, credit control and collections and assists investees with mentorship and training.
- The Turnarounds, Workouts and Restructuring Unit, has been a key addition complementing the services of the Post-Investment Unit. Its purpose is to provide support to investee businesses that are experiencing operational and financial challenges. This team works together with the entrepreneurs in assessing and restructuring the financial and/or operational aspects of the businesses.
- The Socio-Economic Development and Asset Management Unit, which facilitates social interventions in transactions with broad-based groups or communities; fosters a culture of savings and investment among its beneficiaries through such programmes as the national investor education programme. It also identifies opportunities for beneficiaries in transactions and assists in developing market linkages.



A. Empowerment Dividend

The NEF measures and assesses its impact not only on the basis of financial return, but in accordance with what is referred to as the Empowerment Dividend which is the socio-

economic impact of the NEF's investment activities, as provided for in the Broad-Based Black Economic Empowerment Act.

The elements of the Empowerment Dividend are measured as follows:

- *Contribution to Broad-Based Black Economic Empowerment* – The NEF assesses each transaction against the results of the B-BBEE scorecard, before and after funding, to ensure that each transaction contributes to the advancement of B-BBEE.
- *Participation by black women* – The NEF emphasises the empowerment of women by providing for an additional weighting for black women participation.
- *Job Creation* – Contribution towards employment creation and the number of jobs created per rand invested or jobs sustained through investment in expansion type activities.
- *Investment in Priority Growth Sectors* – The number of investments facilitating black ownership and control of existing and new enterprises in the priority sectors of the economy as identified by the IPAP and the National Development Plan.
- *Geographic Spread* – Geographic spread of investments and contribution towards increased economic activity across all provinces, particularly in areas of regional economic disadvantage.
- *Investment Return* – The real return that each Fund realises on capital employed, after the impairment ratios experienced for that fund, as a combined measure of debt, equity and quasi-equity invested.

B. The NEF's Target market

The NEF provides funding to black entrepreneurs for start-up and expansion companies as well as for acquiring equity in existing white-owned businesses in line with the transformation objectives of B-BBEE. The target market is further segmented into the following tiers:

- Black individuals and groups with significant operational experience and an extensive investment portfolio and accumulated capital (Tier 1).
- Black individuals and groups with operational experience, which could include having concluded a limited number of BEE transactions. This sector typically has limited

accumulated capital with existing Investments still encumbered / “not in the money yet” (Tier 2).

- Black individuals and groups with limited business or entrepreneurial experience (Tier 3).

C. Challenges faced by the target market

In bridging the economic divide, the NEF strives to address the following market failures:

- Limited own capital;
- Poor quality of business plans;
- Lack of accurate and reliable financial information;
- Limited management skills, including financial, marketing and technical expertise;
- Lower bargaining power and strong competition from established businesses with entrenched market dominance;
- Inadequate access to affordable capital; and
- Lack of access to international markets.

In response to these challenges, the NEF's financial and non-financial services assist the target market.



7.NEF SITUATIONAL ANALYSIS

7.1. External factors

According to the International Monetary Fund (IMF), global growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. The rise in central bank policy rates to fight inflation continues to weigh on economic activity, especially in advanced economies. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. In most economies, the priority remains achieving sustained disinflation while ensuring financial stability. Therefore, central banks should remain focused on restoring price stability and strengthen financial supervision and risk monitoring. Improvements to the supply side of the economy would facilitate fiscal consolidation and a smoother decline of inflation toward target levels.

The recent resolution of the US debt ceiling standoff and, earlier this year, strong action by authorities to contain turbulence in US and Swiss banking reduced the immediate risks of financial sector turmoil. This moderated adverse risks to the outlook. However, the balance of risks to global growth remains tilted to the downside. Inflation could remain high and even rise if further shocks occur, including those from an intensification of the war in Ukraine and extreme weather-related events, triggering more restrictive monetary policy. In emerging and advanced economies, China's recovery could slow, in part because of unresolved real estate problems, with negative cross-border spillovers. On the upside, inflation could fall faster than expected, reducing the need for tight monetary policy, and domestic demand could again prove more resilient. In sub-Saharan Africa, growth is projected to decline to 3.5 percent in 2023 before picking up to 4.1 percent in 2024. Growth in Nigeria in 2023 and 2024 is projected to gradually decline, in line with April projections, reflecting security issues in the oil sector. In South Africa, growth is expected to decline to 0.3 percent in 2023, with the decline reflecting power shortages, although the forecast has been revised upward by 0.2 percentage point since the April 2023 WEO, on account of resilience in services activity in the first quarter.

South Africa's real gross domestic product (GDP) expanded slightly to 0.6% in the second quarter of 2023 from 0.4% in the prior quarter. Growth has been resilient this year despite the persistent structural challenges particularly in energy supply and logistics. The agriculture industry posted a significant quarter-on-quarter growth from a decrease of 11.9% in the first quarter to 4.2% in the second quarter of 2023. This growth could be attributed to improvement in economic activities especially for field crops and horticulture products. The other sectors that performed well included Manufacturing and Mining with growth of 2.2% and 1.3%

respectively. Growth in the Manufacturing sector was mainly driven by the division such as Petroleum, Chemical Products, Rubber and Plastic Products as well as the Basic Iron and Steel, Non-Ferrous Metal Products, Metal Products and Machinery division after reporting increased economic activities. On the other hand, the Transport, Construction, and Trade Industries reported decreases.

The expenditure on GDP was supported by gross fixed capital formation which increased by 3.1% which is a good indicator of companies' willingness to invest in the domestic economy especially through purchases of machinery and equipment. Government final consumption expenditure also increased by 1,7%, contributing 0,3 of a percentage point – this was driven by increases in the purchases of goods, services, and compensation of government employees. On the downside, household final consumption expenditure decreased by 0,3% in the second quarter of 2023, contributing -0,2 of a percentage point to total growth – this reflects the pressure that households have been facing arising from high inflation and interest rates. The South African Reserve Bank (SARB) revised growth projection for 2023 upward to 0.7% as major supply and demand indicators are improving.

The number of employed persons in South Africa increased by 154 000 to 16.3 million in the second quarter of 2023 while the total population is estimated at 60.6 million people. The number of unemployed persons decreased by 11 000 to 7.9 million compared to the first quarter of 2023. The decrease in unemployment from 32.9% in the first quarter to 32.6% in the second quarter of 2023 could be explained by a number of persons which moved from the "not economically active" and "unemployed" statuses to the "employed" category. The largest increase in employment was recorded in Construction; Trade Industry; and Community and Social Services at 104 000; 92 000 and 63 000 respectively.

The problem of unemployment and poverty especially amongst black people is being exacerbated by low level of participation in the mainstream of the economy. This group is often confronted with enormous barriers to enter most sectors of the economy, at the centre is capital requirements to start a business. The last decade has seen a shift in the strategy of big businesses, entering townships and rural areas – marking the end of hope for most black entrepreneurs. The government needs to regulate and channel more financial resource to stimulate economic participation of black people through SMMEs in the township and rural economies. These areas barely produce any goods or services, people are consumers. The government should instill hope by acting with urgency to change the socio-economic status of black people.

7.2. Internal factors

The past two years have been taxing for businesses, government and households, the NEF was not an exception. As a thought leader in the empowerment space, the NEF rose above the prevailing challenging conditions as evidenced by the outstanding performance delivered. At the center of excellent performance, are NEF employees under the leadership of the Board of Trustees and the Executive Committee. The leadership in partnership with the shareholder and other key stakeholders introduced specialized Funds to resuscitate businesses affected by covid-19 and routs. This speaks volume of the human resources capabilities of the NEF as an enabler to deliver outcomes in short period of time.

The NEF Board and Exco are fully capacitated and operational. The Board is responsible for providing strategic direction and overseeing the management of the Trust and performance of the Executives with the assistance of various committees. These include audit committee, risk and portfolio monitoring committee, board investment committee, social and ethics committee and human and capital retention committee. In undertaking its day-to-day activities, the NEF depend heavily on employees, Information Systems Technology and fund management investment policy and a standardised rigorous review processes of applications to fund black businesses that are commercially sustainable and able to increase the empowerment dividend. Financial resources ranks as the top enabler for the Trust to deliver on its mandate of promoting and facilitating ownership of income generating assets by previously disadvantaged people.

7.3. Analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT)

A brief summary of the NEF’s strengths, weaknesses, opportunities and threats are listed below:

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Innovative and solutions-based products. • Institutional and operational maturity. • High standards of corporate governance. • Offices across all provinces to execute mandate nationally. • Rigorous accounting and sound financial management systems. • Strong internal control systems and processes. • High performance-orientated organisational culture. • Technically strong and committed staff. • Proven track record in BEE funding. • Established portfolio with lessons learnt. • Improving return on investments. • Thought leader in B-BBEE. • Low cost of funding or credit. 	<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Rising demand for national economic transformation. • Ability to contribute even more towards job support and creation. • High number of township and rural capable entrepreneurs need capital. • Contribute to closing the gaps in the economic value chain. • Priority sectors need financial support. • Expansion into other parts of Africa. • Scope to increase NEF footprint and visibility. • There are third parties requiring partners to execute their enterprise development programmes. • There are growing economies and sectors (township and rural economy, renewable energy, tourism, agro processing, automotives, metals, chemicals, infrastructure and human settlement, clothing, textile, leather and footwear). • Amendment to Schedule 2 of the status of NEF in terms of PFMA to allow for borrowing.
<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Insufficient staff capacity that may require rebuilding. 	<p>THREATS</p> <ul style="list-style-type: none"> • Sluggish economic growth. • Lack of recapitalisation.

<ul style="list-style-type: none"> • Low approval rate on number of applications. • Need to improve information systems. • Lack of financial resources. • High impairment rate. • Need to improve collection rate. 	<ul style="list-style-type: none"> • Geopolitical conflict. • High inflation. • Lower consumer and investor confidence. • Rising cost of funding investees. • Growing population. • Rising unemployment. • High debt level. • Poor quality of applications. • Infrastructure – high frequency loadshedding and aging rail network.
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7.4. Analysis of Political, Economic, Social, Technological, Environmental, and Legal (PESTEL) Risks

STRATEGIC ISSUES	PROPOSED NEF'S RESPONSE
Political Factors	
<ul style="list-style-type: none"> • Change in Executive Authority and/or change that may arise as a result of the pending elections, often results to changes in the way of working. • Negative perception towards black economic empowerment policies. • Government institutions perceived as corrupt. 	<ul style="list-style-type: none"> • The Mandate is legislated and thus the NEF Act 105 of 1998 thus continues to guide the organization. • The NEF will continue to implement the mandate with high level of transparency and comply consistently with good corporate governance guidelines, maintaining its immaculate track record. • The NEF will continue upholding the high-level good governance and good control environment which have led to the 19 years of clean external audit opinion.

Economic Factors

- | | |
|--|--|
| <ul style="list-style-type: none">• Global and domestic growth is projected to slow down in 2023 to 3.0% and 0.7% respectively.• Proposed cuts in government spending, loadshedding, high inflation, and interest rates present a downside risk to the domestic economy.• The NEF requires recapitalization. | <ul style="list-style-type: none">• The NEF will prioritize investment in priority sectors with growth potential and crowd-in private capital to stimulate overall economic activities.• The NEF will monitor closely investees' performance and identify those greatly affected by weak consumer demand and high cost of operating their businesses to explore measures to support these investees. The NEF has established the Alternative Energy Fund to ensure business continuity during loadshedding.• The leadership of the NEF will continue engaging the dtic and National Treasury to allocate funding from fiscus or granting of borrowing right. In the interim, the NEF will continue to raise funding for black entrepreneurs through partnerships. |
|--|--|

Social Factors

- | | |
|---|---|
| <ul style="list-style-type: none">• Rising population growth estimated at 60.6 million.• The unemployment rate is high at 32.6%, especially amongst youth. | <ul style="list-style-type: none">• The rise in population growth increases the market and continues to support investees that will service the growing demand for various goods and services.• The NEF will prioritize investments in businesses that create more jobs per rand investment to support the government's call for mass job creation. Internally, the NEF will continue to create jobs through the internship program. |
|---|---|

<ul style="list-style-type: none"> Limited access to basic goods and services resulting in social instability and violent strikes. Alternative media options offer access to information through social media. 	<ul style="list-style-type: none"> The current social dissatisfaction, especially due to inadequate service delivery and loadshedding, may lead to damage to properties and those of NEF investees. The NEF will continue providing access to finance to boost manufacturing of goods locally and provision of services such as alternative energy source in the form of solar panels and accompanying batteries. The NEF will continue to utilize online platforms to communicate and engage South Africans especially regarding the available funding opportunities.
<p>Technological Factors</p>	
<ul style="list-style-type: none"> Technological advancement made it possible for meetings to be held online. Information systems technology enable the automation of work throughout the organization. Rise in cyber security threats which may results in loss of data and finances. 	<ul style="list-style-type: none"> The NEF will continue exploring these technological tools to improve efficiency in rendering our service. For example, the employees continue to work through a hybrid structure remotely. The NEF is currently embarking on a journey to move to a paperless working environment and intends to automate most of the tasks that needs to be done manually. This is vital in improving efficiency. The NEF will continue to invest in systems that secure data throughout the organization.
<p>Environmental Factors</p>	
<ul style="list-style-type: none"> Frequent extreme weather conditions resulting in damages to crops and animals. 	<ul style="list-style-type: none"> The NEF will continue supporting investees affected by extreme weather conditions. The NEF is fully engaged in the global

<ul style="list-style-type: none"> Increases in environmentally friendly practices. Rise in water scarcity likely to disrupt operation of some businesses. 	<p>warming discourse and has endeavoured to support applicants operating in the green economy to reduce carbon print of the country.</p> <ul style="list-style-type: none"> The NEF promote the adherence and preservation of environment by strictly supporting business activities that are environmentally friendly. The environmental risk assessment forms part of due diligence before an application is supported. The NEF encourages investees to use water sparingly and seek to explore measures that ensure uninterrupted business operation. Applications with potential high-water usage are required to be supported by water use licenses as a condition for disbursement.
<p>Legal Factors</p>	
<ul style="list-style-type: none"> The NEF is mandated to empower black people in the spirit of BBBEE policy which is often challenged. Practices of fronting – businesses that appear to be legally owned by black people. 	<ul style="list-style-type: none"> The NEF will continue to support businesses owned and managed by black people as per the NEF Act which legally allows the focus on black people. The NEF will continue to look beyond ownership and consider the level of involvement of owners in the operation of business.

The background is a solid orange color with a faint, light-colored grid pattern. Overlaid on the grid are several thin, light-colored lines that form a network or graph structure. Some of these lines connect circular nodes of varying sizes and colors (some are solid yellow, some are hollow white). The overall aesthetic is clean, modern, and technical.

Part C:

Programme Performance

**Strategic Objective:
Growing Black Economic
Participation in the South African
Economy**

8. PROGRAMME PERFORMANCE

The NEF implements its mandate through the following programmes:

Programme 1: uMnotho Fund

Programme 2: strategic Projects Fund

Programme 3: iMbewu Fund

Programme 4: Rural, Township and Community Development Fund

Programme 5: Women Empowerment Fund

Programme 6: Entrepreneurship Development

Programme 7: Social Facilitation

8.1 Programme 1: uMnotho Fund

Purpose of the programme

This Fund is designed to improve access to BEE capital and has six products: Acquisition Finance, New Ventures Finance, Expansion Finance, Capital Markets Fund, Liquidity and Warehousing, and Property. These products provide capital to black-owned and-managed enterprises, black entrepreneurs who are buying equity shares in established white-owned enterprises, new ventures finance and BEE businesses that are or wish to be listed on the JSE. Funding ranges from R2 million to R75 million. The Fund pricing is to achieve returns that are in line with the level of risk taken by the NEF.



Description of the programme

Details of the six products provided by uMnotho Fund are provided below:

	Acquisition Finance	New Venture Finance	Expansion Capital	Capital Markets	Liquidity & Warehousing	Property Fund
Investment threshold	R2 million to R75million	R5 million to R75 million	R5 million to R75 million	R2 million to R75 million	R2 million to R75 million	R5 million to R75 million
Product purpose	BEE applicants seeking to fund equity purchases of between R2 million and R75 million in existing businesses.	BEE parties seeking to participate in medium-sized Greenfields projects with total funding requests of between R10 million and R200 million.	Funding provided to entities that are already black-empowered but seek expansion capital to grow the business.	This product invests in BEE enterprises, particularly those owned by black women that seek to list on the JSE or its junior AltX market. The uMnotho Fund will also help listed BEE companies to raise additional capital for expansion.	This product assists BEE shareholders who need to sell a portion or all of their shares (as minority stakes in unlisted firms are hard to sell). Also acquires and temporarily warehouses these shares before on-selling those to new BEE	This product seeks to cater for BEE groups seeking to buy equity in existing property businesses; develop new property ventures; and to provide expansion finance to entities that are already empowered.

	Acquisition Finance	New Venture Finance	Expansion Capital	Capital Markets	Liquidity & Warehousing	Property Fund
					shareholders, and refinances BEE shareholdings where existing financing structures are costly and/or inefficient.	
	<ul style="list-style-type: none"> • Medium to large companies 	<ul style="list-style-type: none"> • Medium-sized greenfield projects with total funding 	<ul style="list-style-type: none"> • Active BEE involvement in investee companies 	<ul style="list-style-type: none"> • Medium to large companies 	<ul style="list-style-type: none"> • Medium to large companies 	<ul style="list-style-type: none"> • Medium to large companies

	Acquisition Finance	New Venture Finance	Expansion Capital	Capital Markets	Liquidity & Warehousing	Property Fund
	<ul style="list-style-type: none"> • Focus on partnerships with existing management teams and other equity investors • Active BEE involvement in investee companies • BEE financial contribution on a case-by-case basis 	<p>requests of between R10 million and R200 million.</p> <ul style="list-style-type: none"> • BEE-specific financial contribution assessed on a case-by-case basis • NEF exposure to the product generally not to exceed 50% of the total project costs • Proven management experience within the consortium 		<ul style="list-style-type: none"> • Focus on partnerships with existing management teams and other equity investors • Active BEE management participation • Active BEE involvement in investee companies • BEE financial contribution on a case-by-case basis 	<ul style="list-style-type: none"> • Focus on partnerships with existing management teams and other equity investors • Active BEE management participation • Active BEE involvement in investee companies • BEE financial contribution on a case-by-case basis 	<ul style="list-style-type: none"> • Alignment with priority sectors • Active BEE involvement in investee companies • BEE financial contribution on a case-by-case basis

	Acquisition Finance	New Venture Finance	Expansion Capital	Capital Markets	Liquidity & Warehousing	Property Fund
		Active BEE involvement in investee companies				
Types of instruments	Investment instrument can include a combination of debt, equity and mezzanine finance.	Investment instrument can include a combination of debt, equity and mezzanine finance.	Investment instrument can include a combination of debt, equity and mezzanine finance.	Investment instrument can include a combination of debt, equity and mezzanine finance.	Investment instrument can include a combination of debt, equity and mezzanine finance.	Investment instrument can include a combination of debt, equity and mezzanine finance.
Black equity threshold	Minimum of 25.1%	Minimum of 25.1%	Minimum of 50.1%	Minimum of 25.1%	Minimum of 25.1%	Minimum of 50.1%
Pricing	Influenced by Empowerment Dividend or Development Impact. Debt linked to prime rate and equity based on target IRR					

	Acquisition Finance	New Venture Finance	Expansion Capital	Capital Markets	Liquidity & Warehousing	Property Fund
Terms of Investment and other terms	Typical investment horizon of 4 to 7 years	Typical investment horizon of 5 to 10 years.	Typical investment horizon of 4 to 7 years	Typical investment horizon of 4 to 7 years	Typical investment horizon of 4 to 7 years	Typical investment horizon of up to 10 years on senior debt and up to 15 years on mezzanine debt and equity instruments

Performance indicators and performance targets per programme:

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance (including WEF)	Medium Term Targets		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
Growing black economic participation in the South Africa Economy and job creation	Approval of Deals	Value of deals approved by uMnotho Fund	R232m	R445m	R599m	R199m	R430m	R301m	R301m
		Value of new Commitments by uMnotho Fund	R218m	R452m	R 447m	R180m	R323m	R226m	R226m

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance (including WEF)	Medium Term Targets		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
		Value of Disbursements by uMnotho Fund	R153m	R422m	R352m	R220m	R290m	R203m	R203m

Quarterly milestones:

Outcome	Output	Output indicator	Baseline 2023/24 YTD Performance 31 December 2023	2024/25 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Growing black economic participation in the South Africa Economy and job creation	Approval of Deals	Value of deals approved by uMnotho Fund	R199m	R430	R129	R258	R344	R430
		Value of new Commitments by uMnotho Fund	R180m	R323	R97	R194	R258	R323
		Value of Disbursements	R220m	R290	R87	R174	R232	R290

Outcome	Output	Output indicator	Baseline 2023/24 YTD Performance 31 December 2023	2024/25 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
		by uMnotho Fund						

Financial Plan (Expenditure estimates for Programme 1: uMnotho Fund)

Due to the way the NEF manages its business, most administrative and capital expenses are centralised. The NEF’s organisational income statement in Annexure A, provides the split of expenses.

8.2 Programme 2: Strategic Projects Fund

Purpose of the programme

The Strategic Projects Fund will facilitate the acquisition of equity in large strategic projects where the NEF assumes the role of BEE partner.

Description of the programme

The fund aims to play a central role in early-stage projects by identifying, initiating, scoping and developing projects that are in sectors identified by government as the key drivers to South Africa's economic growth. These projects will be taken through 6-stages of the project development phases.

The phases being the following:

Scoping and Concept Study; Pre-Feasibility Study; Bankable Feasibility Study; Financial Closure; Construction Phase and Technical Completion.

Through the Strategic Projects Fund, NEF will facilitate B-BBEE in the following ways:

- Warehouse equity for B-BBEE in early-stage projects at valuations with little or no premium paid to access the projects. This enables NEF to distribute its warehoused equity to B-BBEE at lower valuations once the project is operational;
- Take early-stage risk on behalf of black people as early stage projects have higher execution risks compared to operational companies. The NEF will assume most of the financing risk and devise instruments to carry or transfer equity to B-BBEE once project fatal flaws have been mitigated;
- Manage the project and venture capital finance structuring complexities as it is more complex and difficult to raise capital for new ventures as compared to uMnotho finance deals where valuations can be ascertained based on historical performance and risks are clearly understood;
- Enable project promoters to focus on making projects bankable and operational by giving the B-BBEE status as NEF is the only DFI gazetted as a B-BBEE facilitator; and

- Once the initial project risks have been reduced, the NEF will transfer its shareholding to selected B-BBEE groups through a transparent process.

Performance indicators and performance targets per programme:

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance (including WEF)	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
Growing black economic participation in the South Africa Economy and job creation	Approval of Deals	Value of deals approved by Strategic Project Fund	R116m	R46m	R139m	R28m	R120	R84m	R84m
		Value of new Commitments by Strategic Project Fun	R97m	R47m	R55m	R15.9m	R90	R63m	R63m

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance (including WEF)	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
		Value of Disbursements by Strategic Project Fund	R44m	R38m	R55m	R69m	R81	R57m	R57m

Quarterly milestones:

Outcome	Output	Output indicator	Baseline 2023/24 YTD Performance 31 December 2023	2024/25 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Growing black economic participation in the South Africa Economy and job creation	Approval of Deals	Value of deals approved by Strategic Projects Fund	R28m	R120	R36	R72	R96	R120
		Value of new Commitments by Strategic Projects Fund	R15.9m	R90	R27	R54	R72	R90
		Value of Disbursements by Strategic Projects Fund	R69m	R81	R24	R49	R65	R81

Financial Plan (Expenditure estimates for Programme 2: Strategic Projects Fund)

Due to the way the NEF manages its business, most administrative and capital expenses are centralised. The NEF's organisational income statement in Annexure A, provides the split of expenses.

8.3 Programme 3: iMbewu Fund

Purpose of the programme

The iMbewu Fund seeks to address market failures experienced by black-owned SME's. The fund has three products, namely, Franchise, Contract and Entrepreneurship products. An overview of the products is outlined below.

Description of the programme

	Franchise	Contract/procurement	Entrepreneurship
Description	For securing franchise licenses	For SMEs that have secured contracts, orders or short-term bridging finance	To provide capital to SMEs that seek to provide product or service to a specific niche market
Instruments	<ul style="list-style-type: none"> • Term Loan 	<ul style="list-style-type: none"> • Term Loan • Bridging Loan • Revolving Credit • Debtor Finance • Reverse Factoring 	<ul style="list-style-type: none"> • Structured loans • Equity instruments

	Franchise	Contract/procurement	Entrepreneurship
		<ul style="list-style-type: none"> • Suspensive Sale • Leasing 	
Amount	<ul style="list-style-type: none"> • R250k – R10m 	<ul style="list-style-type: none"> • R250k – R15m 	<ul style="list-style-type: none"> • R250k to R10m (for start-up and expansion) • R1m to R10m (for acquisition capital)
Investment period	<ul style="list-style-type: none"> • Up to five years but can go up to 7 years in some instances 	<ul style="list-style-type: none"> • Matched to the duration of the contract 	<ul style="list-style-type: none"> • Up to 7 years
Criteria	<ul style="list-style-type: none"> • Client must have been approved by the franchisor • NEF will only do business with credible franchisors with strong track record • Site must have been identified • Operational involvement 	<ul style="list-style-type: none"> • There must be a viable contract or order • The contract must be awarded by a credible entity with strong track record • Operational involvement 	<ul style="list-style-type: none"> • Commercial viability • Secured markets • Clear value proposition • NEF will not support acquisition of businesses that are making losses • Operational involvement
Pricing	<ul style="list-style-type: none"> • Prime linked 	<ul style="list-style-type: none"> • Prime linked 	<ul style="list-style-type: none"> • Prime linked

Performance indicators and performance targets per programme:

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance (including WEF)	Medium Term Targets		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
Growing black economic participation in the South Africa Economy and job creation	Approval of Deals	Value of deals approved by iMbewu Fund	R255m	R192.5m	R452m	R259m	R320	R224m	R224m
		Value of new Commitments by iMbewu Fund	R161m	R188m	R308m	R203m	R240	R168m	R168m

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance (including WEF)	Medium Term Targets		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
		Value of Disbursements by iMbewu Fund	R118m	R188m	R283m	R207m	R216	R151m	R151m

Quarterly milestones:

Outcome	Output	Output indicator	Baseline 2023/24 YTD Performance 31 December 2023	2024/25 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Growing black economic participation in the South Africa Economy and job creation	Approval of Deals	Value of deals approved by iMbewu Fund	R259m	R320	R96	R192	R256	R320
		Value of new Commitments by iMbewu Fund	R203m	R240	R72	R144	R192	R240
		Value of Disbursements by iMbewu Fund	R207m	R216	R65	R130	R173	R216

Financial Plan (Expenditure estimates for Programme 3: iMbewu Fund)

Due to the way the NEF manages its business, most administrative and capital expenses are centralised. The NEF's organisational income statement in Annexure A, provides the split of expenses.

8.4 Programme 4: Rural, Township & Community Development Fund**Purpose of the programme**

The Rural, Township and Community Development Fund (RTCDF) facilitates community involvement in projects by supporting the B-BBEE Act objectives of empowering local and rural communities. In accordance with the B-BBEE Act, it aims to increase the extent to which workers, cooperatives and other collective enterprises own and manage business enterprises.

Description of the programme

	Acquisition	New Venture Capital	Expansion Capital
Investment threshold	R1m to R50m	R1m to R50m	R1m to R50m

Trigger for RTCDF participation	Co-operatives, community groupings arranged as Trust or any legal entity, and workers' trust.	Co-operatives, community groupings arranged as Trust or any legal entity, and workers' trust.	Co-operatives, community groupings arranged as Trust or any legal entity, and workers' trust.
Principal goal	To cater for rural entrepreneurs or communities seeking to buy equity in existing rural and community enterprises.	To assist rural entrepreneurs and co-operatives and communities with equity contribution towards establishment of sustainable new ventures in Agri-sector.	To facilitate involvement and ownership by communities in projects promoting social upliftment.
Types of companies/projects	Focus on small to large ventures where partnerships between NEF, BEE parties or community entity, and technical partner is involved.	Medium sized new venture projects with total funding requirements of between R1m and R50m	Rural and community projects using entities such as cooperatives and private companies.
Types of instruments	Debt, equity, quasi equity and preference shares.	Debt, equity, quasi equity and preference shares.	Debt, equity, quasi equity and preference shares.
Black equity threshold	Minimum of 50.1%		

Pricing	Prime (+/-) Empowerment Dividend or Development Impact Influenced		
Terms of Investment and other terms	<ul style="list-style-type: none"> • 5 to 10 years • Clear exit Strategy 	<ul style="list-style-type: none"> • Up to 10 years • Total project equity ≥ 40% • NEF Exposure ≤ 50% of project costs 	Up to 10 years

Performance indicators and performance targets per programme:

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance (Including WEF)	Medium Term Targets		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
Growing black economic participation in the South Africa Economy and job creation	Approval of Deals	Value of deals approved by Rural, Township and Community Development Fund	R105m	R49.5m	R366m	R53.2m	R130	R91m	R91m
		Value of new Commitments by Rural, Township and Community Development Fund	R77m	R67m	R238m	R15m	R98	R68m	R68m

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance (Including WEF)	Medium Term Targets		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
		Value of Disbursements by Rural, Township and Community Development Fund	R20m	R46m	R291m	R26m	R88	R61m	R61m

Quarterly milestones:

Outcome	Output	Output indicator	Baseline 2023/24 YTD Performance 31 December 2023/24	2024/25 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Growing black economic participation in the South Africa Economy and job creation	Approval of Deals	Value of deals approved by Rural, Township and Community Development Fund	R53.2m	R130	R39	R78	R104	R130
		Value of new Commitments by Rural, Township and Community Development Fund	R15m	R98	R29	R59	R78	R98

Outcome	Output	Output indicator	Baseline 2023/24 YTD Performance 31 December 2023/24	2024/25 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
		Value of Disbursements by Rural, Township and Community Development Fund	R26m	R88	R26	R53	R70	R88

Financial Plan (Expenditure estimates for Programme 4: Rural, Township & Community Development Fund)

Due to the way the NEF manages its business, most administrative and capital expenses are centralised. The NEF’s organisational income statement in Annexure A, provides the split of expenses.

8.5 Programme 5: Women Empowerment Fund

Purpose of the programme

To accelerate the provision of funding to businesses owned by black women.

Description of the programme

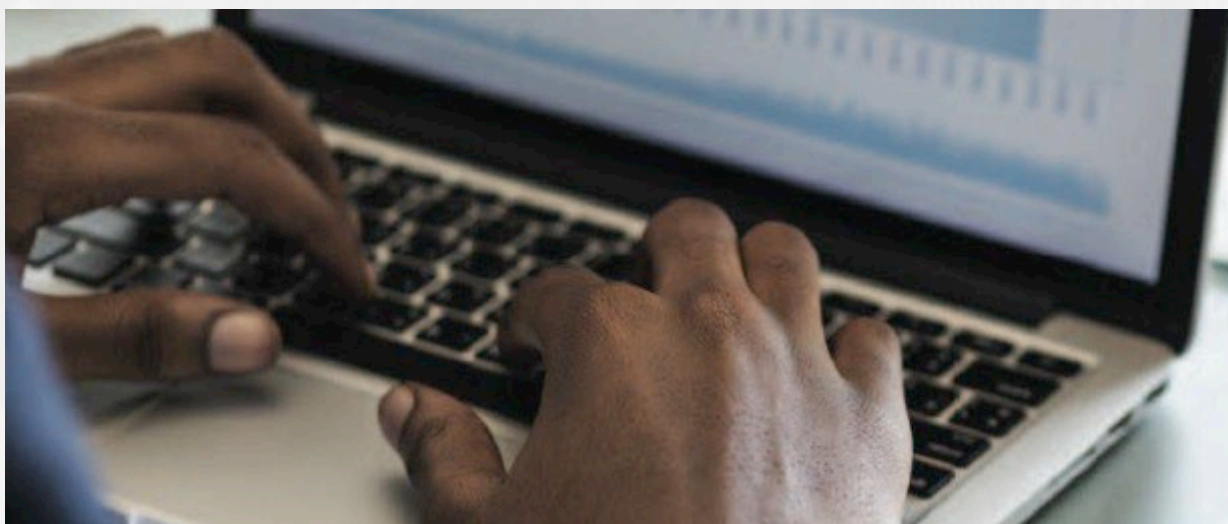
Finance to be provided from R250, 000 to R75 million across the entire NEF existing product suite.

Depending on type of funding the horizon of funding provided ranges between 4 and 10 years.

Minimum of 51% black female ownership.

Black women have to be operationally involved at the managerial and board levels.

Other empowerment dividend pillars have to be considered.



Performance indicators and performance targets per programme:

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance (Including WEF)	Medium Term Targets		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
Growing black economic participation in the South Africa Economy and job creation	Approval of Deals	Value of deals approved by Women Empowerment Fund	R252m	R185m	R378m	R165m	R250	R175m	R175m
		Value of new Commitments by Women Empowerment Fund	R212m	R157m	R296m	R120m	R188	R131m	R131m


Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance (Including WEF)	Medium Term Targets		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
		Value of Disbursements by Women Empowerment Fund	R109m	R149m	R258m	R162m	R169	R118m	R118m

Quarterly milestones:

Outcome	Output	Output indicator	Baseline 2023/24 YTD Performance 31 December 2023/24	2024/25 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Growing black economic participation in the South Africa Economy and job creation	Approval Deals	Value of deals approved by Women Empowerment Fund	R165m	R250	R75	R150	R200	R250
		Value of new Commitments by Women Empowerment Fund	R120m	R188	R56	R113	R150	R188
		Value of Disbursements by Women Empowerment Fund	R162m	R169	R51	R101	R135	R169

Financial Plan (Expenditure estimates for Programme 5: Women Empowerment Fund)

Due to the way the NEF manages its business, most administrative and capital expenses are centralised. The NEF's organisational income statement in Annexure A, provides the split of expenses.



**Strategic Objective:
Non-Financial Support**

8.6 Programme 6: Entrepreneurship Development

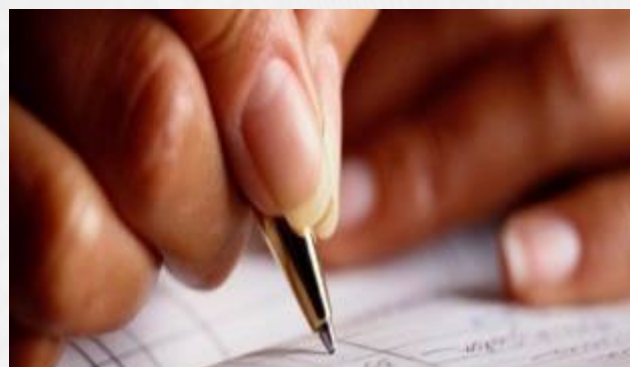
Purpose of the programme

Applicants for funding may be excellent entrepreneurs, but often struggle to navigate the necessary application procedures and to manage their businesses and this is often evident during the initial assessment of the funding application. The NEF's Pre-Investment Unit (PIU) therefore assists with funding advice, business planning and general assistance to help ensure that applications are of sufficient quality to complete all steps in the application process.

Description of the programme

As the first point of contact for many potential clients, the PIU's primary functions are to:

- Provide information on NEF products and procedures;
- Control and assist in drawing up funding applications;
- Identify applications that will qualify for funding;
- Keep clients informed on the progress of their applications;
- Advise applicants and assist with drawing up business plans.



Entrepreneurship Development Strategy

By 2010 the NEF through its then, Fund Management Division faced a number of challenges in delivering on its Mandate. These challenges included:

- The low number of applications received per month.
- The undesirable quality of these applications, as evidenced by an approval ratio of less than 3% of applications received.
- The limited exposure of the target market in terms of the ability to package bankable business plans.
- The skills of the target market in terms of business experience and industry knowledge.
- High impairments (especially in the SME Fund) where a total impairments ratio (including write offs) of about 40% was experienced.
- The limited own contribution and lack of collateral prevalent in the typical NEF application.

The NEF's Pre-Investment Unit then developed the Entrepreneurship Development Strategy in order to better support the development of black entrepreneurs. The rationale for this strategy was to take cognisance of the NEF mandate and operating environment with a view to:

- Enhance the NEF's interventions to aspirant black entrepreneurs in order to mitigate financial risk for the NEF whilst supporting sustainable black businesses;
- Identify potential tools that can be used by the NEF to better assess the entrepreneurial readiness of potential applications;
- Propose refinements to the NEF's investment process in order to provide a more efficient investment process particularly in the case of SME's whilst maintaining sound investment methodologies i.e., provision of SMART capital;
- Explore additional financial interventions aimed at providing black entrepreneurs with early-stage funding to address limited own capital;
- Enhance NEF impact in developing entrepreneurship in South Africa more broadly with focus on Financial and Non-Financial Support as well as advocacy on issues pertaining to entrepreneurship;

The Pre-Investment Unit has implemented a business incubation model in order to support the development of aspirant black entrepreneurs. The NEF realises the value and impact that

can be made through incubation and has established partnerships with various incubation service providers.



Performance indicators and performance targets per programme

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
Non-Financial Support	Facilitate non-financial support to black owned businesses	6.1. Number of entrepreneurs training sessions provided with an average score of 70% required in the post-	134 training sessions	141 training sessions	174 training sessions	186 training sessions	155 training sessions per year, with an average score of 70% required in the post-training assessment	155 training sessions per year, with an average score of 70% required in the post-training assessment	155 training sessions per year, with an average score of 70% required in the post-training assessment

		training assessment							
Non-Financial Support		6.2. Number of entrepreneurs referred for business incubation; and number of entrepreneurs who successfully complete business incubation	Referred 151 entrepreneurs for incubation: and 16 entrepreneurs in the final incubation stage.	Referred 440 entrepreneurs for incubation: and 124 entrepreneurs in the final incubation stage.	Referred 332 entrepreneurs for incubation: and 86 entrepreneurs in the final incubation stage.	Refer 125 entrepreneurs for incubation: and 61 entrepreneurs in the final incubation stage	Refer 210 entrepreneurs for incubation: and 42 entrepreneurs in the final incubation stage	Refer 210 entrepreneurs for incubation: and 42 entrepreneurs in the final incubation stage.	Refer 210 entrepreneurs for incubation: and 42 entrepreneurs in the final incubation stage.

Quarterly milestones

Outcome	Output	Output indicator	Baseline 2023/24	Annual Target 2024/25	Cumulative Quarterly Milestones			
			YTD Performance 31 December 2023/24		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Non-Financial Support	Facilitate non-financial support to black owned businesses	6.1. Number of entrepreneurs training sessions provided with an average score of 70% required in the post-training assessment	186 training sessions	155 training sessions per year, with an average score of 70% required in the post-	38 training sessions	76 training sessions	114 training sessions	155 training sessions

				training assessment				
Non- Financial Support		6.2. Number of entrepreneurs referred for business incubation; and number of entrepreneurs who successfully complete business incubation.	Refer 186 entrepreneurs for incubation: and 61 entrepreneurs in the final incubation stage	Refer 210 entrepreneurs for incubation: and 42 entrepreneurs in the final incubation stage.	Refer 52 entrepreneurs for incubation: and 10 entrepreneurs in the final incubation stage.	Refer 104 entrepreneurs for incubation: and 20 entrepreneurs in the final incubation stage.	Refer 156 entrepreneurs for incubation: and 30 entrepreneurs in the final incubation stage.	Refer 210 entrepreneurs for incubation: and 42 entrepreneurs in the final incubation stage.

Financial Plan (Expenditure estimates for Programme 6: Entrepreneurship Development)

Due to the way the NEF manages its business, most administrative and capital expenses are centralised. The NEF's organisational income statement in Annexure A, provides the split of expenses.



**Strategic Objective:
Non-Financial Support**

8.7 Programme 7: Social Facilitation (Investor Education)

Purpose of the programme

This programme is in direct fulfilment of the mandate of the NEF which is aimed at promoting a culture of savings and investment among black people.

Description of the programme

The NEF's Investor Education campaign is planned to reach localities across the country, providing information necessary to make prudent savings and investment decisions.

Performance indicators and performance targets per programme

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
Non-Financial Support	Facilitate non-financial support	7.1. Number of investor education seminars held	74 Investor Education	95 Investor Education	84 Investor Education seminars per year	56 Investor Education seminars	45	45	45

	to black owned businesses	across the country per year.	seminars per year	seminars per year			Investor Education seminars per year	Investor Education seminars per year	Investor Education seminars per year
		7.2. Percentage of Social Facilitation Sessions held for NEF investees per year.	36 Social Facilitation sessions	28 Social Facilitation sessions	119% of the SEDU pipeline concluded in social facilitation sessions	100% Social Facilitation sessions	90% of the SEDU pipeline	90% of the SEDU pipeline	90% of the SEDU pipeline

Quarterly milestones

Outcome	Output	Output indicator	Baseline 2023/24 YTD Performance 31 December 2023/24	2024/25 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Non-Financial Support	Facilitate non-financial support to black owned businesses	7.1. Number of investor education seminars held across the country per year.	56 Investor Education seminars per year	45 Investor Education seminars per year	11 Investor Education seminars	23 Investor Education seminars	34 Investor Education seminars	45 Investor Education seminars

		7.2. Percentage of Social Facilitation Sessions held for NEF investees per year.	100% Social Facilitation sessions	90% of the SEDU pipeline	23% of the SEDU pipeline	45% of the SEDU pipeline	68% of the SEDU pipeline	90% of the SEDU pipeline
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Financial Plan (Expenditure estimates for Programme 7: Investor Education)

Due to the way the NEF manages its business, most administrative and capital expenses are centralised. The NEF's organisational income statement in Annexure A, provides the split of expenses.

9. PERFORMANCE PLAN MATRICES

9.1 Consolidated Performance Plan Matrix 2024/25 – 27:

Outcome	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
ADVANCING B-BBEE FOR TRANSFORMATION									
Growing black economic participation in the South Africa Economy and job creation	Approval of Deals	1. Value of deals approved by the NEF	R520m	R1 333m	R1 196m	R539m	*R1bn	*R700m	*R700m
		2. Value of new Commitments	R520m	R1 053m	R939m	R414m	*R750m	*R525m	*R525m

Outcome	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
		3. Value of Disbursements	R425m	R1 050m	R692m	R522m	*R675m	*R472.5m	*R472.5m
MAXIMISING THE EMPOWERMENT DIVIDEND FOR SOCIO-ECONOMIC IMPACT									
Growing black economic participation in the South Africa Economy and job creation	Employment Created	4. Number of job opportunities expected to be supported or created	Supported 2 488 new and existing job opportunities	Support 11 429 new and existing job opportunities	Support 4 598 new and existing job opportunities	2 924 new and existing job opportunities	Support 4 154 new and existing job opportunities	Support 2 908 new and existing job opportunities	Support 2 908 new and existing job opportunities

Outcome	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
Growing black economic participation in the South Africa Economy and job creation	Disbursement of Deals	5. Percentage of portfolio disbursed to businesses owned by black women	35% (of annual disbursements)	28% (of annual disbursements)	37% (of annual disbursements)	32% (of annual disbursements)	35% (of annual disbursements)	35% (of annual disbursements)	35% (of annual disbursements)
		6. disbursements outside the 5 main metros	R0	R0	R0	R0	R300m	R300m	R300m

Outcome	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
Growing black economic participation in the South Africa Economy and job creation	Disbursement of Deals	7. 25% of disbursement to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West	A total of 27 deals worth R76.2m was invested. This represents 18% of annual disbursements.	R191m of disbursed funds comprising of 35 deals, translating to 18% of total disbursements.	R152m of disbursed funds comprising of 27 deals, translating to 22% of total disbursements.	A total of R167 million was invested in NC, FS, LP, MP and EC representing 32% of annual disbursements against a target of 37%.	35% of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West	35% of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West	35% of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West

Outcome	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
OPTIMISING NON-FINANCIAL SUPPORT FOR EMPOWERMENT									
Non-Financial Support	Facilitate non-financial support to black owned businesses	8. Number of investor education seminars held across the country per year.	95 Investor Education seminars per year	73 Investor Education seminars per year	88 Investor Education seminars per year	56 Investor Education seminars per year	45 Investor Education seminars per year	45 Investor Education seminars per year	45 Investor Education seminars per year

Outcome	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
Non-Financial Support		9. Number of entrepreneur training sessions provided with an average score of 70% required in the post-training assessment	141 training sessions per year	174 Entrepreneurial training sessions conducted with an average of 70% post training assessment.	216 Entrepreneurial training sessions conducted with an average of 70% post training assessment.	186 Entrepreneurial training sessions conducted with an average of 70% post Training assessment.	155 training sessions per year, with an average score of 70% required in the post-training assessment	155 training sessions per year, with an average score of 70% required in the post-training assessment	155 training sessions per year, with an average score of 70% required in the post-training assessment

Outcome	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
		10. Number of entrepreneurs referred for business incubation; and number of entrepreneurs who successfully complete business incubation	Refer 440 entrepreneurs for incubation; and 124 entrepreneurs in the final incubation stage.	Refer 332 entrepreneurs were referred to business incubation partners. 86 entrepreneurs are fully incubated.	Refer 224 entrepreneurs were referred to business incubation partners. 62 entrepreneurs are fully incubated.	Refer 125 Entrepreneur were referred to business incubation partners. 61 Entrepreneurs are fully incubated.	Refer 210 entrepreneurs for incubation; and 42 entrepreneurs in the final incubation stage.	Refer 210 entrepreneurs for incubation; and 42 entrepreneurs in the final incubation stage.	Refer 210 entrepreneurs for incubation; and 42 entrepreneurs in the final incubation stage.

Outcome	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
		11. Percentage of Social Facilitation Sessions held for NEF investees per year.	28 Social Facilitation sessions	134% Social Facilitation sessions were conducted	26 Social Facilitation sessions were conducted	100% Social Facilitation sessions were conducted	90% of the SEDU pipeline	90% of the SEDU pipeline	90% of the SEDU pipeline
Maintaining Financial Sustainability	Maintain positive brand awareness of the NEF	12. Maintain brand awareness of 90%	N/A Survey performed every second year	N/A	N/A	N/A	Maintain brand awareness of 90%	N/A Survey performed every second year	N/A Survey performed every second year
ESTABLISHING THE NEF AS A FINANCIALLY SOUND DFI FOR SUSTAINABILITY									

Outcome	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
Maintaining Financial Sustainability	Obtain an overall real return on fund	13. Percentage of portfolio impaired	30%	29%	25%	**29%	**25%	**25%	**25%

Outcome	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
	investments through equity returns, interest on loans and interest on cash balances with minimised impairments and write-offs	14. Target ROI before impairments (to be reviewed annually)	7.33%	8.3%	9.96%	11.1%	***7%	***7%	***7%
		15. Collection ratio	74.7%	83.71%	83.9%	75.9%	80%	80%	80%

Outcome	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTEF Period		
			2020/21	2021/22	2022/23	YTD 31 December 2023/24	2024/25	2025/26	2026/27
Growing BEE through partnership	Establish partnerships for increased economic investments	16. Value of concluded partnerships per year (or value of mobilised resources)	R541m	R 1 771m	R120m	R120.15m	R100m	R105m	R105m

****Targets and stretch targets for the MTEF period have been reduced owing to constrained financial resources in spite of the NEF's ability to do more as observed in recent years.***

*****NEF's investments have been adversely affected by the COVID-19 pandemic hence a higher impairment rate.***

******The NEF Pricing is linked to Prime lending rate and the ROI is ring fenced to the loan booked funded from the NEF balance sheet.***

9.2 Joint Key Performance Indicators (J-KPIs)

For the financial year 2024/25, **the dtic** is working on a new concept of ‘*Joint-KPIs*’; namely, indicators of performance designed to increase the level of coordination and alignment of efforts between different programmes of the Department and all its entities. This has been done to ensure appropriate alignment between the work of the Department and:

- the Economic Recovery and Reconstruction Plan tabled in Parliament in October 2020 by President Ramaphosa;
- the priorities set out in the 2021 State of the Nation Address (SONA);
- the new performance compacts between members of the Executive and the Presidency signed in November 2020; and
- the new District Development Model as an integration of development efforts at local level.

The Joint KPIs also envisage greater coordination between financial and non-financial measures, and between the resources on-budget and those that can be leveraged across society. The joint indicators are as follows:

- Joint Indicator 1: Industrialisation
- Joint Indicator 2: Transformation
- Joint Indicator 3: Capable State

It is in this regard that the Minister requested all entities to include the above-stated Joint KPIs in their APP’s and outline how each entity will contribute to the achievement of the outcomes for these indicators.

The National Empowerment Fund (NEF) is expected to report on a quarterly basis as practice to the Executive Authority on progress regarding the Joint – KPI’s below. The National Empowerment Fund has outlined in detail how each of the Joint-KPI’s will be supported through its strategic objectives in Programmes 1 through to 7 as provided outlined under Section 8.

The NEF contributes towards the achievement of the outcomes of the JKPIs through the fulfilment of its existing KPIs through the linkages provided below from section 9.2.1 to 9.2.3.

For ease of reference, the NEF's KPIs are as follows:

- KPI 1 – Value of deals approved in Rands and volumes;
- KPI 2 – Value of New Commitments;
- KPI 3 – Value of Disbursements
- KPI 4 – Number of job Opportunities expected to be supported or created;
- KPI 5 – Percentage of Disbursements made to Black Women-owned businesses;
- KPI 6 – Value of deals disbursed outside of the 5 metros in Rands to
- KPI 7 – Percentage of Disbursements invested in rural provinces;
- KPI 8 – Number of Investor Education Seminars held across the country;
- KPI 9 – Number of Entrepreneurs Training sessions provided;
- KPI 10 – Number of Entrepreneurs referred for Business Incubation and those that successfully completed the Incubation programme;
- KPI 11 – Percentage of Social Facilitation held for NEF Investees;
- KPI 12 – Brand Audit Survey;
- KPI 13 – Portfolio Impairments;
- KPI 14 – Return on Investments achieved;
- KPI 15 – Collections ratios;
- KPI 16 – Value of Partnerships concluded.

9.2.1 JOINT INDICATOR 1

New Joint Key Performance Indicator	Intention	Outputs	NEF Programme(s)	APP Performance Indicator
Industrialisation	Building dynamic firms through a combination of efforts in partnership with the private sector, focusing on opportunities to grow in the domestic market (through localization-promotion policies, sector partnerships, beneficiation, promoting the green economy and fostering higher levels of investment) fostering higher levels of African economic integration through the African Continental Free Trade Area (AfCFTA) and building a wider export market for South African products, with supply-side reforms to build competitiveness.	Report documenting NEF's KPIs that identifies within its mandate programmes that will cover all or some of the below areas: <ul style="list-style-type: none"> • Sector Partnerships – Master Plans • Localisation outcomes • Beneficiation initiatives • Covid-19 industrial production • Africa and Global Exports • Green economy initiatives Investment expansion/promotion	All the five programmes support industrialisation. The Black Industrialist programme housed by the SPF programme is the main champion of this output.	<ul style="list-style-type: none"> • Approval value (KPI 1) • Commitments (KPI 2) • Disbursement Value (KPI 2) • Jobs (KPI 4) • Value of Partnerships (KPI 15)

Contribution by the NEF

The NEF's contribution will be linked to KPIs 1 to 4 and KPI 15 indicated 1 above.

In the 2024/25 FY, the NEF plans to approve 86 deals worth R1 billion, with a commitment and disbursement of R750 million and R675 million respectively. Our approvals will constitute both on balance sheet and off-balance sheet funds that we manage on behalf of **the dtic** and other third-party partners. Our disbursement of R675 million plans to boost black owned businesses and in addition support 4 154 jobs.

1. Strategic Projects Fund (SPF) Programme

Through SPF, the NEF plans to support Black Industrialist through developing industrial projects from pre-feasibility studies, all the way through to financial close. These projects are typically in sectors aligned to the government's macro-economic policies such as manufacturing, energy, green economy, mineral beneficiation, etc. Such projects are often capital intensive and thus require funding partnerships which the NEF often spearheads.

The rest of the Industrialisation J-KPI with all most of the outputs outlined in the table above, are covered in more details under section 6.2.1 of the Annual Performance Plan (APP) with some salient details noted below:

2. uMnotho

Focus has gone into job intensive and absorptive sectors such as manufacturing, transport and logistics, construction materials, fourth industrial revolution, creative industries and media, tourism, mining services, and mineral beneficiation.

3. RTCDF

By virtue of proximity to vast land in rural economies, there is a strong focus on agriculture, agro processing, and tourism. The focus on the development of the township economy contributes towards the development of the domestic economy.

4. iMbewu

The focus on the development of the township economy contributes towards the development of the domestic economy. This is encouraged through use of the franchise model funding in townships. The NEF fosters the public-private partnership to realise these transactions.

5. Master plans, Localisation, Green economy, Africa and global exports

Focusing on these strategic sectors will prioritise localising content, improving local capacity to produce goods and services, promote exports and drive the green economy. In addition, we will work on strategic approach on a number of masterplans that are directly related to our programmes like the Clothing, Textile, Footwear and Leather (CTFL), Poultry Industry, Draft Petroleum/Liquid Fuels and Tourism Sectors Recovery Plans.

9.2.2 JOINT INDICATOR 2

New Joint Key Performance Indicator	Intention	Outputs	NEF Programme(s)	• APP Performance Indicator
Transformation	Building economic inclusion through transformation programmes in three broad areas: first, addressing structural challenges to growth, mainly through competition policies; second, policies that promote spatial transformation, enabling more balanced growth between rural and urban and between provinces, and third strengthening the inclusive/ transformation in the quality of growth, including broadening ownership and more inclusive corporate governance models	<ul style="list-style-type: none"> • BEE promotion and review (black industrialists, women, youth). • B-BBEE structures, like workers, community empowerment measures/ outcomes where applicable. • Structure of the economy – addressing economic concentration and/ or SME promotion. • Township and rural economies – measure to promote opportunities in the Township and Rural economies. • District Development Model, with key outputs and outcomes to report on the 	All the five programmes at the NEF contribute to driving an inclusive economy through transformative programmes.	<ul style="list-style-type: none"> • Approval value (KPI 1) • Commitments (KPI 2) • Disbursement value (KPI 3) • Percentage of portfolio disbursements to businesses (partially/wholly) owned by women (KPI 5) • Percentage of disbursement to be invested in EC, NC, NW, MP, FS and LP (KPI 6) • Number of investor education seminars. • Number of entrepreneurship training sessions (KPI 8)

		framework of the 52 districts (8 Metros and 44 district municipalities) including work in SEZs and Industrial Parks.		<ul style="list-style-type: none"> • Number of entrepreneurs referred for incubation and those who've completed incubation (KPI 9) • Number of social facilitation sessions held for investees (KPI 10) • Value of Partnerships (KPI 15)
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Contribution by the NEF

The NEF’s contribution will be linked to KPIs 1 to KPI 6, KPI 8 to KPI 10 and KPI 15 indicated above.

As the J-KPI indicates, the transformational mandate of the NEF ensures that we contribute towards inclusive economy by amongst others address structural challenges to growth through active investment in viable projects by supporting amongst others black women and youth including broadening ownership amongst black people and communities where NEF projects are based. In addition, we promote investments in rural and townships in the quest to promote spatial transformation.

In the 2024/25 FY, the NEF plans to approve 86 deals worth R1 billion, with a commitment and disbursement of R750 million and R675 million respectively. Our approvals will constitute both on balance sheet and off-balance sheet funds that we manage on behalf of **the dtic** and other third-party partners. Our disbursement of R675 million plans to boost black owned businesses and in addition support 4 154 jobs.

1. SPF

The programme aims to contribute to the transformation of the economy by identifying, initiating, scoping, and developing projects owned and managed by black industrialists that are in sectors identified by government as the key drivers to South Africa's economic growth. The early participation preserves capital that would have been paid for a premium for fully fledged projects or businesses. In addition, black industrialists will be supported to create new manufacturing and industrial capacity alongside local and international partners.

2. uMnotho

The focus of the programme is to support black entrepreneurs at different stages of a business lifecycle, names: new venture; expansion; acquisition of established white enterprises; and listing of black owned businesses or liquidating and warehousing listed shares of black shareholders on the JSE. Essentially, this programme is intended to ensure that economic growth is driven by transformation and broadened participation by black people in the mainstream economy.

3. RTCDF

The programme supports the goals of growth and development in the rural and township economies, through financing of black-owned and managed enterprises. This is key for black entrepreneurs to participate in the broader economic activities and realize the economic transformation goals in rural South Africa.

4. iMbewu

The programme products used in delivering the financial solutions have been designed to address market failures that limit meaningful economic participation by black-owned SMEs. Among these market failures are access to capital, lack of information, lack of access to markets and lack of technical skills.

5. Women Empowerment Fund

35% of the annual budget is set aside specifically for black women owned businesses.

6. District Development Model

The dissemination of funds across all provinces, particularly to districts that are in dire need of development, is a key factor in the consideration of the prioritization of projects. Further, regional offices have been established across all provinces to ensure accessibility of the services offered by the NEF.

9.2.3 JOINT INDICATOR 3

New Joint Key Performance Indicator	Intention	Outputs	NEF Programme(s)	APP Performance Indicator
Delivery – Capable State .	Building a new culture of partnership in the economy, characterized by greater responsiveness and nimbleness by the Department and entities, which includes reviewing internal processes and legislation/regulations.	<ul style="list-style-type: none"> • Building the entity staffing and governance capacity and quick response. • Shared services with the dtic and between entities. • Addressing red-tape and compliance in internal processes, including targets on turnaround times. • Coordinating with other parts of the state to ensuring effective outcomes on mandates and industrialization/ transformation agenda. 	Marketing, Post Investment Unit, Finance, and SEDU.	<ul style="list-style-type: none"> • Investor Education (KPI 7) • Entrepreneurial Training (KPI 8) • Social Facilitation (KPI 10) • Maintain positive brand awareness of the NEF (KPI 11) • Minimize impairments • ROI (KPI 12) • Collection ratio (KPI 14) • Value of public partnership funds (KPI 15)

Contribution by the NEF

The intention is to ensure greater coordination and cooperation between state institutions to enable them to support and complement each other for improved delivery of service. Building a new culture of partnerships in the economy should be characterized by greater responsiveness and nimbleness by the NEF.

The programme (departments) will support the quest for a capable state through partnerships with government departments, entities, and municipalities.

1. NEF has introduced new ways of doing business. We have been able to achieve lots of traction in the implementation of various Funds because at the beginning, we shortened our turnaround times for assessing transactions to ensure disbursement within 2 weeks of approval. The agility will stand us in good stead going forward being responsive to applicants that need quicker turnaround times.
2. In response to the need to utilising shared services with **the dtic** and its entities, instead of the NEF building its own capacity for an internal Travel Agency, we have outsourced this service from the Industrial Development Corporation of South Africa Limited (IDC) since 2018. In addition, our HR's Training and Development is looking at utilising IDC's training capacity through its Academy for provision of technical training to all NEF's Investment Professionals. We will also work close with the IDC in utilising its well-resourced Research and Information instead of developing our own. In the past during strategic sessions, etc. we have requested IDC's Economists to present at our sessions.
3. NEF's Online Business Planner tool will allow clients access to a tool that will help them in putting together their plans efficiently using a familiar official language.
4. Lastly, online platforms are utilised to ensure that large number of people is reached for Investor Education sessions and Entrepreneurship Training as outlined in KPI 7 and 8. In addition, most of our Social Facilitation meetings (KPI 10) are held virtually. These platforms helped us to continue giving our clients much needed services even during hard lockdown as we were not allowed to have face-to-face interactions.

9.3 Performance Plan Matrix – Quarterly Milestones 2024/25:

Targets for 2024/25 have been reviewed based on discussions at Management, Executive and Board level. Quarterly targets have been updated to align with the annual targets as outlined in the Performance Plan above.

Outcome	Output Indicator	Performance as at 31 December 2023	Target 2024/25	Cumulative Quarterly Milestones			
				1st	2nd	3rd	4 th
ADVANCING BBBEE							
1. Growing black economic participation in the South Africa Economy and job creation.	1.1. Value of deals approved by the NEF	R539m	R1bn	R300m	R600m	R800m	R1bn
	1.2. Value of new Commitments	R414m	R750m	R225m	R450m	R600m	R750m
	1.3. Value of Disbursements	R522	R675m	R203m	R405m	R540m	R675m
MAXIMISING THE EMPOWERMENT DIVIDEND							

Outcome	Output Indicator	Performance as at 31 December 2023	Target 2024/25	Cumulative Quarterly Milestones			
				1st	2nd	3rd	4 th
2. Growing black economic participation in the South Africa Economy and job creation	1.4. Expected number of job opportunities expected to be supported or created.	2 924	Support 4 154 new or existing job opportunities.	Support 1 246 new or existing job opportunities.	Support 2 492 new or existing job opportunities.	Support 3 323 new or existing job opportunities.	Support 4 154 new or existing job opportunities.
3. Growing black economic participation in the South Africa Economy and job creation	1.5. Percentage of portfolio disbursed to businesses owned by black women	32%	35% of disbursements	35% of disbursements	35% of disbursements	35% of annual disbursements	35% of annual disbursements
4. Growing black economic participation in the South	1.6. 25% of disbursement to be invested in Northern Cape, Free State,	32%	45% of disbursements	45% of disbursements	45% of disbursements	45% of disbursements	45% of disbursements

Outcome	Output Indicator	Performance as at 31 December 2023	Target 2024/25	Cumulative Quarterly Milestones			
				1st	2nd	3rd	4 th
Africa Economy and job creation	Limpopo, Mpumalanga, Eastern Cape and North-West						
	1.7. Disbursements outside the 5 main metros	R0	R300m	R75m	R150m	R225m	R300m
OPTIMISING NON-FINANCIAL SUPPORT							
5. Non-Financial Support	1.7. Number of investor education seminars held across the country per year.	56	45 Investor Education seminars per year	11 Investor Education seminars	23 Investor Education seminars	34 Investor Education seminars	45 Investor Education seminars
6. Non-Financial Support	1.8. Number of entrepreneur training sessions provided with an average score of 60% required in the	186	155 training sessions per year, with an average score of 70% required in the	38 training sessions	76 training sessions	114 training sessions	155 training sessions

Outcome	Output Indicator	Performance as at 31 December 2023	Target 2024/25	Cumulative Quarterly Milestones			
				1st	2nd	3rd	4 th
	post-training assessment		post-training assessment				
	1.9. Number of entrepreneurs referred for business incubation; and number of entrepreneurs who successfully complete business incubation	125 61	Refer 210 entrepreneurs for incubation; and 42 entrepreneurs in the final incubation stage.	Refer 52 entrepreneurs for incubation; and 10 entrepreneurs in the final incubation stage.	Refer 104 entrepreneurs for incubation; and 20 entrepreneurs in the final incubation stage.	Refer 156 entrepreneurs for incubation; and 30 entrepreneurs in the final incubation stage.	Refer 210 entrepreneurs for incubation; and 42 entrepreneurs in the final incubation stage.
	1.10. Percentage of Social Facilitation Sessions held for NEF investees per year.	100%	90% of the SEDU pipeline	23% of the SEDU pipeline	45% of the SEDU pipeline	68% of the SEDU pipeline	90% of the SEDU pipeline

Outcome	Output Indicator	Performance as at 31 December 2023	Target 2024/25	Cumulative Quarterly Milestones			
				1st	2nd	3rd	4 th
7. Maintaining Financial Sustainability	1.11. Brand audit survey findings	N/A	N/A	N/A	N/A	N/A	N/A
FINANCIAL EFFICIENCY & SUSTAINABILITY							
8. Maintaining Financial Sustainability.	1.12. Percentage of portfolio impaired	29%	25%	25%	25%	25%	25%
	1.13. Target ROI before impairments (to be reviewed annually)	11.1%	*7%	*7%	*7%	*7%	*7%
	1.14. Collection ratio	75.6%	**80%	**80%	**80%	**80%	**80%
9. Growing BEE through partnerships	1.15. Value of partnerships concluded	R120.15	R100m	R25m	R50m	R75m	R100m

****Note: ROI is ring fenced to transactions funded from the NEF balance sheet.***

*****Note: The current economic climate and that in the foreseeable future as reflected in the SWOT analysis (pg 82) pose significant challenges for business in South Africa. The collections ratio in 2021/2022 (83.71%) and 2022/23 (83.9%) serve as a reference for reduced collections rates. The collections rate is thus proposed to be maintained at 80* for the MTEF.***



Part B:
Link to Other Plans

10. FINANCIAL PLAN

The NEF's strategic objectives are detailed in section 6 of this Plan, and detailed Financial Projections are provided in Appendix A.

The financial projections were compiled on the back of the reduced core targets (approvals, commitments, and disbursements), with the intention of ensuring that the NEF continues to be a going concern. In addition, the projections were based on the following key assumptions:

- CPI inflation forecast of 4.5% in FY2024, and an average CPI forecast of 4.5% over the forecast period. These are as per the National Treasury's MTEF guidelines;
- Portfolio impairment provisions of 25% for FY2024, 23% for FY2025; 20% for FY2026 and 18% for FY2027.
- Interest earned on investments is prime related;
- Interest earned on surplus cash estimated on average 7.30% over the period;
- Approvals of R3.4 billion between FY2024 and FY2027;
- Collection rate of 80%; and
- Capital raising fee of 1% on disbursements.

10.1. Projections of revenue, expenditure, and borrowings

The NEF is currently engaged in a recapitalisation discussion with its Shareholder Ministry, Government, and other relevant stakeholders. The projections in this section have been revised in line with available resources.

Revenue projections include interest on loans and investments, interest on cash in bank, dividend income from listed and unlisted equity investments, raising / origination fees and enterprise and supplier development contributions received. The interest on loans is projected at rates based on the pricing policies of each fund and the interest rate projections over the entire investment portfolio. The majority of the NEF's loan instruments are priced utilising prime as a reference rate, with the current return on investment on these loans being 9.96% as at 31 March 2023. Capital raising fee is projected at 1% of approved transactions to be disbursed in each financial year during MTEF.

Interest on cash in the bank is projected at an average rate of 7.30%, which are the projected rates achieved on money invested with the South African Reserve Bank and on the call facility with Standard Bank.

Dividend income is particularly difficult to predict project as these are linked to different dividend policies of the NEF's investee companies.

The NEF has a portfolio of listed and unlisted investments, the majority of which relates to the MTN shares allocated to the NEF by Government. The dividend projections included in the overall revenue is therefore based on our historic trend and best estimate of what the NEF could receive each year.

The Net Asset Value of the NEF has increased from the initial R2.4 billion to just over R4.8 billion as at financial year end 2023/3. This overall increase over the period has largely been a factor of appreciation in fair value of the NEF's listed investment portfolio and retained earnings as the loan book has grown over the years. There has been decline in MTN's share price from a high of R240 per share, on the 24th of April 2015, to R127.47 per share on the 31st of March 2023. This represents a 47% decline in the value of MTN, over the eight-year period, which is a significant asset on the NEF's balance sheet, comprising 21% of the total assets. Year-to-date performance of the shares since April 2023 has slightly declined to R115.50 per share as at 31 December 2023.

Total Expenditure (i.e. including funding for non-financial services offered by the NEF) has been in line with NEF activities and targets. Operational expenditure includes general, administration and employee costs. Apart from office rental and salaries all operational expenditures, are budgeted for using an incremental budget principles. The overall methodology applied when budgeting for operational expenditure is largely linked to the organizational targets and activities. The NEF has continued with a targeted critical role recruitment drive since the lifting of the funding moratorium in 2014.

The NEF also embarks on various projects in line with the mandate as per the NEF Act (i.e. non-financial support services) for which specific budget allocations are required. To this end an average of R12.2 million per annum has been budgeted for over the next four years. These projects are Investor Education Road shows entrepreneurship development and training, back office services for SMEs, mentorship support, and coaching for investees.

Over the strategic period, the cost-to-income ratio is forecasted to breach the intended long-term range of 54%-58%. This is mainly as a result of reducing income from both investments as a result of lower available capital for investments and dividend receipts (mainly from MTN)

over the period. In addition, non-financial support activities which are mandatory to the NEF are currently not subsidised.

10.2. Asset and liability management

The NEF, as a Schedule 3A entity under the PFMA, is required to operate fully on the basis of not budgeting for a deficit. Investment activity is funded out of cash balances and thus all liabilities will at all times be offset by cash balances.

Excess cash is managed through a cash management process where short term cash is invested in call accounts of three approved banks to meet short term cash requirements and excess cash with the South African Reserve Bank in terms of the requirements of the PFMA.

In an attempt at better managing excess cash, the NEF is exploring the option of implementing an in house or outsourced treasury function, with the intention of better managing excess liquidity held which will result in the NEF earning additional risk adjusted returns on its surplus cash. This initiative would entail implementing the necessary treasury policies, processes, and controls in order to apply for the necessary exemption from the National Treasury.



10.3. Cash flow projections

Please refer to Appendix A.

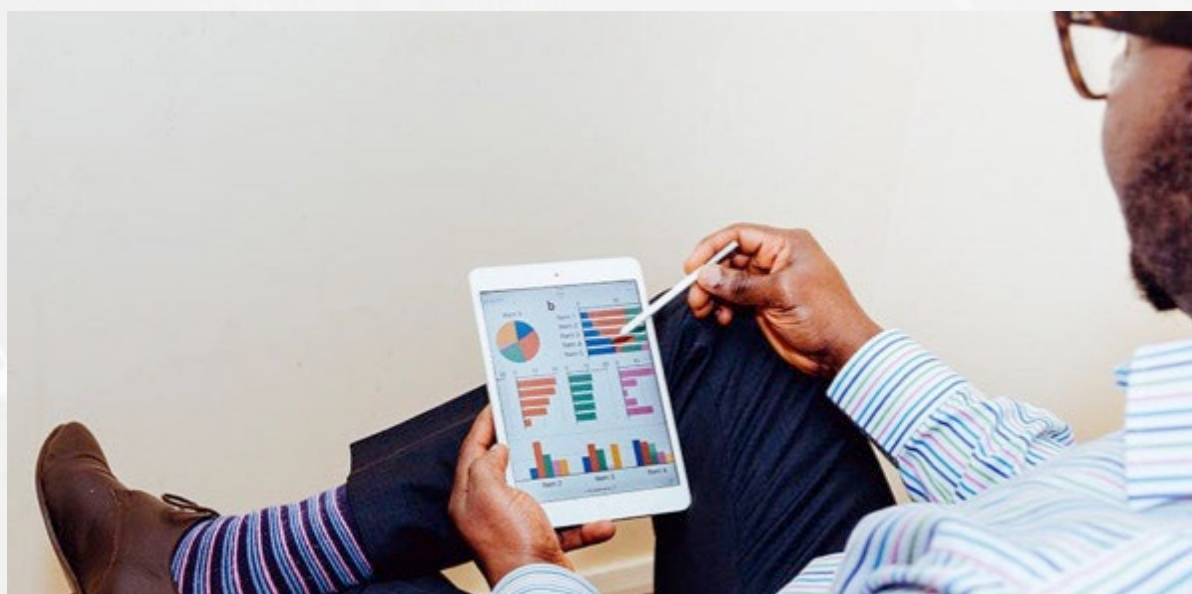
10.4. Capital expenditure and infrastructure plans.

. Annual capital expenditure allocation is mostly related to replenishment of existing capital expenditure items such as computers, furniture, office equipment and acquisition of the property for Head Office instead of renting. The NEF further plans to enhance its IT environment and platforms over the medium period. The total allocation for capital expenditure over the forecast period is R59.1 million over MTEF.

The NEF does not directly fund infrastructure for itself or the country as part of its mandate though there may be an element of infrastructure funding provided through projects funded by the Strategic Projects Fund that is a specific requirement of that project and in line with national targeted strategic sectors

10.5. Dividend policies

The NEF does not have a dividend policy with respect to any surplus reported. Surpluses are retained following a section 53(3) application to the National Treasury each year in order to meet further capitalisation needs of the NEF since in the absence of recapitalisation.



11. RISK MANAGEMENT AND FRAUD PREVENTION PLAN

11.1. Risk Management Framework

The NEF's Risk Management Framework is based on Committee of Sponsoring Organizations of the Treadway Commission (COSO), Institute of Risk Management Standards of South Africa (IRMSA) Code of Practice and PFMA & Treasury regulations.

The ERM (Enterprise-wide risk management) methodology of the NEF consists of the following interrelated components: internal environment, objective setting, risk identification, risk assessment, risk control and response, risk monitoring and reporting, and risk performance measurement. These components are derived from best practice with respect to ERM governance.

The Framework is continuously benchmarked against best practice such as the International standard on Risk Management (ISO 31000) and KING IV; and where required, relevant changes are made to the Framework. The Framework was updated during 2018 and is currently being reviewed to determine if further updates are required.

The Risk assessment process results in the output of the risk universe, allowing key risks to be identified. The Risk assessment exercise is completed on an annual basis and divisional risk registers are updated on a quarterly basis on a rotational basis to identify any emerging risks and track progress.

11.2. Risk Strategy (Risk Register)

The realisation of the strategic objectives presented by the NEF may be affected by the following key risks:

A. Business/Market Risk: The risk that changes in external market conditions have a negative impact on the viability of funded transactions.

The investment portfolio of the NEF consists of businesses in the commercial environment that are susceptible to normal business risks in a volatile economic environment, fluctuations in commodity prices and foreign exchange rates amongst other variables. The current volatile global and local economic environment due to Geo-political events, rising inflation, rising fuel prices, increasing interest rate environment, and impact of extended periods of loadshedding is negatively impacting on clients that the NEF provides funding to. In addition, household personal finances are under financial strain due to rising living costs. This is negatively impacting on business conditions and has placed strain on some of the clients in the NEF's portfolio.

The NEF portfolio is arguably more susceptible to these variations given the nature of the businesses being supported that are early-stage business, inexperienced entrepreneurs, highly geared balance sheets and hence not as able to absorb the impact of these fluctuations compared to more established businesses.

In evaluating transactions, market conditions are considered (such as the risk of power supply), due diligence investigations, risks and mitigant identification (in the example of power, alternate sources of power identified), modelling and structuring (including the cost of implementing mitigating factors) of transactions by the deal teams. In addition, a regular micro- and macro-economy sensitivity is undertaken by our Post-Investment Unit and NEF-appointed mentors are used to promptly advise NEF investees on appropriate course of action.

B. Credit Risk: Unsustainable levels of impairments

The NEF is mandated to intervene in the economy through the provision of funding to black-owned enterprises, which due to past economic imbalances, may be of a higher credit risk. This risk is exacerbated by the prevailing tough economic climate due to harsh international and local economic conditions that may impact on funded businesses and their cashflows leading to the inability to honour loan repayments and possible defaults on loans to the NEF.

Internally, the risk that the credit risk assessment processes of the NEF may be lenient in the provision of appropriate investment decisions does exist due to the needs to balance the developmental imperatives and strict credit risk assessment fundamentals, as does the risk of not collecting on amounts due and not being able to timeously identify distressed investments, which may be rescued. The risk of funding the unsuitable "jockeys" impacting on the performance of investments and the portfolio also exists. Inadequate controls mitigating this risk may negatively impact on the performance and quality of the portfolio.

The controls introduced to attempt to mitigate this risk include:

- Appointment of skilled fund management teams.
- Due diligence investigation processes that include credit and background checks.
- Adequately constituted and efficient approval structures.
- Portfolio management, monitoring and reporting processes.
- Use of pricing models according to a pricing policy which compels consideration of credit risk.
- An independent credit risk assessment process by the Credit Risk Department.
- Credit collection process managed by collaboration between the Post-Investment Unit and the Finance Division.
- Adequate turnaround workout and restructuring process.
- Initiatives being implemented by the NEF's Post Investments and TWR business unit to assist clients during this difficult period.

C. Ability to attract & retain relevant skills

Increased opportunities in the job market for skilled individuals has resulted in the level of resignations increasing at the NEF. Employees joining the NEF are relatively junior and require a significant amount of on-the-job training to attain relevant experience while working for the NEF and are later sought after by other financial institutions. These individuals are offered higher remuneration and leave the NEF as the NEF cannot always match these higher salary packages. Various initiatives are currently being explored by the Human Resource Department of the NEF and are being discussed at the HCRC committee of the NEF.

D. Concentration risk in MTN

The shareholding in MTN comprises a significant component of the NEF's Balance sheet. The volatility in share price of MTN has a significant impact on the NEF's asset base. Management has evaluated possible options to manage the volatility of this strategic asset and will be presenting options to the relevant governance structure in the organisation.

E. Recapitalisation Risk

The risk that the NEF will not be able to raise sufficient capital to fund the NEF's short-term to medium-term investment and operating activities.

Without an injection of new capital, the NEF estimates that it will run out of capital to finance new transactions in the medium term. The lack of adequate capital will also negatively impact on the NEF's ability to follow through on participation interest or equity options for transactions within the NEF's Strategic Projects Fund. This will have a negative impact on the achievement of the NEF's mandate and the ability to transform the economy.

Various initiatives are underway regarding resolving the issue relating to the recapitalisation of the NEF, that is, exploring strategic partnerships with other entities to co-fund transactions as well as engaging our key stakeholders regarding funding requirements. The NEF is also undertaking fundraising initiatives for the Strategic Projects Fund transactions.

Below is a summary of the key risks that the NEF faces and mitigants which have put in place:

Outcome	Key Risk	Risk Mitigation
Growing black economic participation in the South African Economy and job creation	<ul style="list-style-type: none"> Recapitalisation Risk. 	<ul style="list-style-type: none"> Engagements with key stakeholder regarding funding requirements Co-funding of transactions 3rd party funding sought for SPF transactions
Financial sustainability	<ul style="list-style-type: none"> Concertation risk MTN 	<ul style="list-style-type: none"> After analysis regarding possible options of this strategic asset, management and Board have agreed to accept this risk.
Financial Sustainability	<ul style="list-style-type: none"> Business/market risk: external conditions have a negative impact on funded transactions (tough economic 	<ul style="list-style-type: none"> Thorough due diligence (DD) investigations on transactions Transaction structuring and modelling which takes into

	conditions, loadshedding etc).	account DD investigation findings <ul style="list-style-type: none"> • Initiatives to assist clients to deal with impact of Covid-19
Financial sustainability	<ul style="list-style-type: none"> • Credit risk: unsustainable levels of impairments 	<ul style="list-style-type: none"> • Short-term and long-term impairment intervention measures put in place • Thorough due diligence (DD) investigations on transactions • Appropriate governance in place in respect of credit granting/approval, monitoring • Initiatives to assist clients to deal with impact of Covid-19

11.3. Fraud Prevention Plan

The Fraud Prevention Plan is the responsibility of all staff and management at the NEF. This plan is a dynamic document and is updated regularly to reflect changes in the business operations and circumstances of the NEF. The Plan has been reviewed by management, updated and approved by the Board during 2021. The plan is currently being reviewed and will be updated if required.

The NEF has developed and implemented a Fraud Prevention Strategy and Fraud Prevention Plan to guide behaviour and to combat any fraudulent activities. Key aspects of the Fraud Prevention Strategy and Plan are listed below.

Anti-Fraud Policy Statement

As a first step towards implementing an anti-fraud strategy, the NEF adopts and publishes an Anti-Fraud Policy statement along the following lines:

The NEF recognises the possibility of fraud and corruption occurring in its operations. As such it is the policy and mission of the NEF to strive for the protection of its employees and its other

stakeholders (such as applicants, investees, suppliers etc.) through the implementation of an effective and efficient Fraud Prevention Strategy.

We believe that there is only one effective way of fighting fraud and other corrupt practices and that is by instilling the reality amongst employees and other stakeholders, (such as clients (investees), suppliers of goods and services, public,) that fraud and corruption do not pay and will be detected and dealt with severely.

Therefore, the NEF's view on fraud and corruption is one of zero tolerance, and as such the NEF is committed to:

- Aggressively detecting incidents of fraud and corruption;
- The investigation of all allegations of misconduct by employees, clients and suppliers, said to be occasioned by fraud and corruption; and
- The prosecution of all offenders criminally and, where necessary, the institution of civil and disciplinary action against them.

Anti-Fraud Charter

In implementing the Fraud Prevention Policy of the NEF has adopted the following principles:

- We have a zero-tolerance attitude to fraud
- We understand and manage our risks
- We are proactive in defending our assets
- We react swiftly when a crime is uncovered

11.4. Fraud Risk Management Strategy

The key objectives of the NEF's Fraud Risk Management Strategy are:

- To establish the necessary preventative, control and monitoring mechanisms/ systems to minimise the defrauding of the NEF funds, resources, assets and services by any persons/organizations.
- To ensure that adequate measures are in place to protect the NEF from internal as well as external fraud (i.e., supplier, potential applicants, clients, syndicates targeting NEF i.e., false applications etc.).
- To ensure that adequate measures are in place to report fraud (whistle blowing policy and hotline).
- To ensure that all reported matters are investigated.
- To account to the Board, via the Audit Committee on all fraudulent activity within the NEF.

- To take the necessary action against all parties involved in fraudulent activities against the NEF and to punish and deter any fraudulent actions from continuing or recurring

The focus of such a strategy is the formalisation and implementation within the NEF of a culture of zero tolerance for fraud and corruption, a high level of fraud awareness, and a management and control environment that makes it as difficult as reasonably possible to misappropriate assets or to succumb to corruption.

From the perspective of the NEF, good governance as it pertains to fraud prevention includes:

- Continuing the present focus on governance
- A robust control environment
- A strong and independent Internal Audit function
- A relevant and well-communicated Code of Conduct
- A whistleblowing policy and mechanism (fraud hotline) to report suspected fraud or corruption.

From a fraud prevention point of view, it is important that:

- When management considers the strategy and direction that the organisation is taking, they take into account the environmental factors relating to fraud and that they insist that a suitably comprehensive fraud prevention strategy be put in place to address such risks, this is done via the organisational risk assessment process.
- Each manager brings his or her specialised industry knowledge or technical background to bear when considering how fraud risks are to be avoided.
- Regular monitoring of performance against pre-set objectives should take place.
- Individual operational units are held accountable for their actions.
- Constant pressure for improvement is exercised as this has a powerful impact on reducing fraudulent activity. This is done via the implementation of internal and external auditor's recommendation, which is tracked.
- The management team's awareness of the possibility of fraud is monitored, as this is also an active manner in which managers can encourage defensive strategies.
- Regular monitoring of the internal control environment takes place to ensure that it remains of sufficiently high standard.

12. INDICATOR PROFILES

Performance Indicator 1: Value of deals approved by the NEF

1. Indicator title	Value of deals approved by the NEF
2. Definition	Total value of deals approved by the NEF (this includes headroom facility, grants from partnerships)
3. Source/collection of data	Funds; CRM System; Secretariat, Post Investment and Turnaround Workout and Restructuring
4. Method of calculation / Assessment	Value per Secretariate Register as per investment committee meeting approvals
5. Means of Verification	Reports, Minutes, CRM System Reports, Completed Templates
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and Annually
11. Desired Performance	R1 billion value of approved deals for the year
12. Indicator Responsibility	Unit Executive Directors



Performance Indicator 2: Value of New Commitments

1. Indicator title	Value of Commitments made by the NEF
2. Definition	The total cash which the NEF has agreed to advance to investees in signed legal agreements
3. Source/collection of data	Legal Services Department
4. Method of calculation / Assessment	Commitments value as per Commitments Register from Legal Services Department
5. Means of Verification	Reports, Signed Agreements by both parties, Completed Templates
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and Annually
11. Desired Performance	Committed deals to the value of R750 million, at 75% of annual Approval target for the year
12. Indicator Responsibility	Unit Executive Directors



Performance Indicator 3: Value of Disbursements

1. Indicator title	Value of Disbursement made by the NEF
2. Definition	Indicates the total or part cash which the NEF has advanced to investees (this includes Enterprise Development grants)
3. Source/collection of data	Finance Department; Funds
4. Method of calculation / Assessment	Total disbursement as per the disbursement schedule
5. Means of Verification	Disbursement schedule from the finance department
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and Annually
11. Desired Performance	Disbursed funds valued at R675 million, at 90% Commitment target
12. Indicator Responsibility	Unit Executive Directors



Performance Indicator 4: Number of job opportunities expected to be supported or created

1. Indicator title	Number of job opportunities expected to be supported or created
2. Definition	Number of job opportunities expected to be supported
3. Source/collection of data	Funds
4. Method of calculation / Assessment	Simple count
5. Means of Verification	CRM System reports, Investee Reports for new jobs and Investee submitted payroll for jobs maintained.
6. Assumptions	Reliable Data
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and Annually
11. Desired Performance	4 154 new jobs created and supported, at Annual disbursement target / R162 500 cost per job
12. Indicator Responsibility	Unit Executive Directors



Performance Indicator 5: Percentage of portfolio disbursed to businesses owned by black women.

1. Indicator title	Percentage of annual disbursements owned by black women
2. Definition	Percentage of the portfolio disbursed to businesses owned by black women
3. Source/collection of data	Legal Services Unit
4. Method of calculation / Assessment	Total proportionate rand amount disbursed to Business owned and empowered by Black women / Total Disbursements amount
5. Means of Verification	Share certificates
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	Target for Women: 35% of Total disbursements per annum
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Non-cumulative
10. Reporting Cycle	Quarterly and Annually
11. Desired Performance	35% of total disbursements to businesses owned by Black women (R189 million)
12. Indicator Responsibility	Unit Executive Directors



Rand value of disbursements to be invested outside of the metros

1. Indicator title	Non-metros
2. Definition	The rand value of transactions disbursed outside the 5 metros
3. Source/collection of data	Funds, Finance
4. Method of calculation / Assessment	Total amount disbursement to investments outside of metros.
5. Means of Verification	FICA compliant documents including utilities statements
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	Non-metro
9. Calculation Type	Non-cumulative
10. Reporting Cycle	Quarterly and Annually
11. Desired Performance	R300 million of total disbursements to investments
12. Indicator Responsibility	Unit Executive Directors

Performance Indicator 7: Percentage (45%) of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West

13. Indicator title	Geographic spread
14. Definition	Percentage of annual disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West
15. Source/collection of data	Funds, Finance
16. Method of calculation / Assessment	Total amount disbursement to disadvantaged provinces (NC, LP, EC, MP, NW, FS) / Total Disbursements amount
17. Means of Verification	FICA compliant documents including utilities statements
18. Assumptions	N/A
19. Disaggregation of Beneficiaries (Where applicable)	N/A
20. Spatial Transformation (Where applicable)	6 Provinces
21. Calculation Type	Non-cumulative
22. Reporting Cycle	Quarterly and Annually
23. Desired Performance	45% of total disbursements to disadvantaged provinces (R243 million)
24. Indicator Responsibility	Unit Executive Directors

Performance Indicator 8: Number of investor education seminars held across the country per year

1. Indicator title	Number of investor education seminars held across the country per year
2. Definition	Number of investor education seminars held
3. Source/collection of data	Socio-Economic Development Unit (SEDU)
4. Method of calculation / Assessment	Simple Count
5. Means of Verification	Reports, Completed Templates
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and Annually
11. Desired Performance	45 investor education seminars completed
12. Indicator Responsibility	Unit Executive Director



Performance Indicator 9: Number of entrepreneur training sessions provided with an average score of 60% required in the post-training assessment

1. Indicator title	Number of entrepreneur training sessions provided with an average score of 60% required in the post-training assessment
2. Definition	<ul style="list-style-type: none"> • Providing Business Skills (Entrepreneurial and Bootcamp) Training • Business Skills Training with an average pass of 60% • Number of seminars held
3. Source/collection of data	Pre-Investment Unit
4. Method of calculation / Assessment	Simple Count
5. Means of Verification	Reports, Completed Templates
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and Annually
11. Desired Performance	155 business skills training completed
12. Indicator Responsibility	Unit Executive Director

Performance Indicator 10: Number of entrepreneurs referred for business incubation; and number of entrepreneurs who successfully complete business incubation

1. Indicator title	Number of entrepreneurs referred for business incubation; and number of entrepreneurs who successfully complete business incubation
2. Definition	Referral of Entrepreneurs and Completed Business Incubation
3. Source/collection of data	Pre-Investment Unit
4. Method of calculation/ Assessment	Simple Count
5. Means of Verification	Reports, Completed Templates
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and Annually
11. Desired Performance	210 entrepreneurs referred and 42 fully incubated
12. Indicator Responsibility	Unit Executive Director



Performance Indicator 11: Percentage of Social Facilitation Sessions in relation to the SEDU pipeline held for NEF investees per year.

1. Indicator title	Percentage of Social Facilitation Sessions held for NEF investees per year.
2. Definition	Percentage of Social Facilitation sessions provided to NEF investees.
3. Source/collection of data	Socio-Economic Development Unit (SEDU)
4. Method of calculation / Assessment	Percentage of SEDU Pipeline
5. Means of Verification	Reports, Attendance Register, Completed Template, or email from Funds
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and Annually
11. Desired Performance	90% of Social Facilitation sessions completed based on the SEDU pipeline
12. Indicator Responsibility	Unit Executive Director



Performance Indicator 12.: Maintain Brand Awareness of 90%

1. Indicator title	Maintain Brand Awareness of 90%
2. Definition	The findings of the Brand Audit Survey/Research
3. Source/collection of data	Marketing and Communications
4. Method of calculation / Assessment	Research Report
5. Means of Verification	Research Report
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	N/A
9. Calculation Type	Cumulative Year End
10. Reporting Cycle	Every three years
11. Desired Performance	Maintain NEF brand awareness of 90%
12. Indicator Responsibility	Marketing and Communications Manager



Performance Indicator 13: Percentage of Portfolio Impaired

1. Indicator title	Percentage of the portfolio impaired
2. Definition	The total percentage of the value invested in investees that is valued at less than the original valuation, and that may have to be written off in future
3. Source/collection of data	Finance Department
4. Method of calculation / Assessment	IAS39/GRAP 104 Principle
5. Means of Verification	Reports, Finance Systems, Completed Templates
6. Assumptions	Per IAS39/GRAP 104
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	N/A
9. Calculation Type	Non-cumulative
10. Reporting Cycle	Quarterly and Annually
11. Desired Performance	25% impairment
12. Indicator Responsibility	Unit Executive Directors and Post-Investment



Performance Indicator 14: Target ROI before impairments (to be reviewed annually)

1. Indicator title	Target return on investment before impairments
2. Definition	Annual return earned by the total portfolio i.e. loans and preference share portfolio before impairments
3. Source/collection of data	Finance Department
4. Method of calculation / Assessment	Interest earned on loan (debt) investments / Debt book value excluding accounts at legal and concessionary loans.
5. Means of Verification	Reports, Finance Systems, Completed Templates
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	N/A
9. Calculation Type	Non-cumulative
10. Reporting Cycle	Quarterly and Annually
11. Desired Performance	*7% ROI
12. Indicator Responsibility	Unit Executive Directors and Post-Investment

****The NEF Pricing is linked to Prime lending rate***



Performance Indicator 15: Collections ratio

1. Indicator title	Improve collections ratios
2. Definition	The NEF seeks to improve the percentage of monies collected from investees based on the total amount invoiced
3. Source/collection of data	Finance Department
4. Method of calculation / Assessment	Total receipts / total instalments raised
5. Means of Verification	Reports, Finance Systems, Completed Templates
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	N/A
9. Calculation Type	Non-cumulative
10. Reporting Cycle	Quarterly and Annually
11. Desired Performance	80% Collections
12. Indicator Responsibility	Unit Executive Directors and Post-Investment



Performance Indicator 16: Value of Partnerships concluded per year

1. Indicator title	Value of Partnerships concluded
2. Definition	Value of mobilised resources from concluded partnerships
3. Source/collection of data	Finance Department, SEDU
4. Method of calculation / Assessment	Reconciliation by the Finance department of rand value received from third parties
5. Means of Verification	Partnership agreement
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	N/A
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and Annually
11. Desired Performance	Value of R100 million in partnerships concluded
12. Indicator Responsibility	Unit Executive Directors



Annexure A: Financial Projections

Income and Expenditure

	ACTUAL	BUDGET	YTD Actuals as at	BUDGET	BUDGET	BUDGET
	Mar-23	Mar-24	31 December	Mar-25	Mar-26	Mar-27
	R	R	2023	R	R	R
INCOME:						
Dividends	81 163 058	47 923 461	24 428 000	40 000 000	40 400 000	40 804 000
Interest Received Banks	152 057 189	117 053 640	154 033 154	123 341 416	111 235 979	102 754 339
Interest from Investments	198 542 985	202 010 115	185 592 338	227 078 491	211 497 691	197 338 729
Capital raising Fees	1 842 140	8 000 000	4 763 030	8 000 000	7 000 000	7 000 000
Revenue from non-exchange	247 406 613	20 000 000	79 302 384	35 000 000	30 000 000	60 000 000
Other income	23 221 056	34 859 382	2 906 803	9 542 550	3 083 333	1 000 000
Bad Debts Recovered	5 354 076	2 000 000	4 006 932	2 000 000	2 000 000	2 000 000
Enterprise development admin fees	-	-	1 150 000	-	-	-
	709 587 118	431 846 598	456 182 641	444 962 458	405 217 004	410 897 068
EXPENDITURE						
Goods & Services	52 598 190	94 454 383	49 278 556	88 512 923	76 523 358	79 483 774
Compensation to employees	212 738 263	240 076 340	162 833 400	267 715 787	278 959 851	290 675 524
Depreciation	2 466 159	3 343 266	1 585 211	3 898 466	4 062 201	4 232 814
Projects/ Non-financial support	24 782 206	11 456 000	24 697 159	11 971 520	12 474 824	12 998 767
Social benefit	47 745 078	-	29 407 732	-	-	-
Impairment Provision & Write offs	23 743 258	80 000 000	172 676 155	70 000 000	33 000 000	23 111 929
Total Expenditure	364 073 154	429 329 988	440 478 213	442 098 696	405 020 233	410 502 807
OPERATIONAL SURPLUS/(DEFICIT)						
	345 513 965	2 516 609	15 704 428	2 863 762	196 770	394 261
Fair value Adj - Held at fair value	(627 786 889)	-	(116 226 134)	-	-	-
Fair value Adj - non associate equity inventments	(47 837 483)	-	-	-	-	-
Fair value Adj - unincorporated equity inventments	(269 398)	-	(612 522)	-	-	-
Fair value adj - investment in associates	5 977 708	-	-	-	-	-
TOTAL FAIR VALUE ADJUSTMENTS	(669 916 061)	-	(116 838 656)	-	-	-
Net surplus/(deficit)	(324 402 097)	2 516 609	(101 134 228)	2 863 762	196 770	394 261

Annexure B: Statement of Financial Position

Statement of financial position

	Actual Mar-23 R	Budget Mar-24 R	YTD Actuals as at 31 December 2023 R	Budget Mar-25 R	Budget Mar-26 R	Budget Mar-27 R
ASSETS						
Non Current Assets	3 630 508 588	3 588 496 788	3 610 772 826	3 600 723 084	3 395 630 603	3 381 385 895
Property, Plant and Equipment	3 068 408	4 177 030	3 223 371	58 327 030	61 103 030	63 303 030
Intangible Assets	-	-	-	-	-	-
Investments in Associates	87 998 872	87 998 872	81 224 860	95 198 872	96 998 872	97 598 872
Investments Held at Fair Value	1 527 806 788	1 527 806 788	1 413 579 826	1 527 806 788	1 527 806 788	1 527 806 788
Investment in subsidiary	19 876 554	19 876 603	19 876 603	19 876 603	19 876 603	19 876 603
Finance Lease receivables	248 124 425	240 542 845	371 770 466	255 662 845	274 562 845	294 722 845
Loans and Preference Shares	1 743 633 540	1 708 094 649	1 721 097 700	1 643 850 945	1 415 282 465	1 378 077 757
Current Assets	2 657 440 599	2 607 751 327	2 556 854 260	1 796 034 875	1 871 324 126	1 958 163 094
Trade and other receivables	15 442 083	15 442 083	15 532 799	15 442 083	15 442 083	15 442 083
Dividends receivables	33 379 058	-	-	-	-	-
Investments Held for Trading	21 947 209	21 947 209	26 796 021	21 947 209	21 947 209	21 947 209
Cash and Bank	2 586 672 248	2 570 362 034	2 514 525 440	1 758 645 582	1 833 934 833	1 920 773 801
TOTAL ASSETS	6 287 949 187	6 196 248 114	6 167 627 086	5 396 757 958	5 266 954 728	5 339 548 988
Trust Capital and Reserves	4 782 683 799	4 785 200 408	4 681 549 585	4 788 064 170	4 788 260 940	4 788 655 200
Trust Capital	2 468 431 472	2 468 431 472	2 468 431 472	2 468 431 472	2 468 431 472	2 468 431 472
Retained Income	2 314 252 327	2 316 768 936	2 213 118 113	2 319 632 698	2 319 829 468	2 320 223 728
- Balance at Beginning of the Year	2 638 654 423	2 314 252 327	2 314 252 341	2 316 768 936	2 319 632 698	2 319 829 468
- Retained Income/(Deficit) for the Year	(324 402 097)	2 516 609	(101 134 228)	2 863 762	196 770	394 261
Non-Current Liabilities	9 249 151	9 249 151	9 249 151	9 249 151	9 249 151	9 249 151
Liabilities directly associated with non-current assets classified as held for sale	9 249 151	9 249 151	9 249 151	9 249 151	9 249 151	9 249 151
Current Liabilities	1 496 016 238	1 401 798 556	1 476 828 350	599 444 637	469 444 637	541 644 637
Enterprise Development Fund	1 419 227 947	1 391 935 556	1 415 619 034	589 581 637	459 581 637	531 781 637
Accounts Payable	76 788 291	9 863 000	61 209 316	9 863 000	9 863 000	9 863 000
TOTAL EQUITY AND LIABILITIES	6 287 949 187	6 196 248 114	6 167 627 086	5 396 757 958	5 266 954 728	5 339 548 989

Annexure C: Cash flow Statement

Cash Flow Statement

	Actual	Budget	YTD Actuals as at 31 December 2023	Budget	Budget	Budget
	2023 March R	2024 March R		2025 March R	2026 March R	2027 March R
Cash flows from operating activities	(722 561 172)	(86 599 915)	(168 389 572)	(889 509 291)	(110 516 900)	(101 333 878)
Cash receipts from customers	13 508 831	7 854 784	6 913 736	11 542 583	5 083 333	3 000 000
Cash paid to suppliers and employees	(289 461 427)	(302 375 808)	(248 356 569)	(354 823 862)	(361 600 233)	(376 533 878)
Cash received from enterprise development funders	119 675 000	246 150 000	120 150 000	161 874 093	246 000 000	272 200 000
TRF and DOT	-	-	-	(708 102 105)	-	-
Cash paid from enterprise development funders	(566 283 575)	(38 228 891)	(47 096 739)			
Cash flows from investing activities	283 979 904	70 289 700	96 242 763	77 792 839	185 806 152	188 172 846
Additions to property, and equipment	(877 651)	(1 108 621)	(1 740 172)	(54 150 000)	(2 776 000)	(2 200 000)
Additions to intangible assets	-	-	-	-	-	(3 500 000)
Investment disbursements	(505 191 334)	(592 164 082)	(497 171 006)	(480 000 000)	(420 000 000)	(420 000 000)
Dividends received	78 128 598	52 807 058	57 807 058	40 000 000	40 400 000	40 804 000
Interest receipts	152 057 189	174 784 999	154 033 154	123 341 416	111 235 979	102 754 339
Repayments on originated loans and leases	559 863 102	435 970 347	383 313 729	448 601 423	456 946 173	470 314 507
Increase /(Decrease) in cash and cash equivalents	(438 581 267)	(16 310 215)	(72 146 809)	(811 716 452)	75 289 251	86 838 968
Cash at beginning of the year	3 025 253 515	2 586 672 249	2 586 672 249	2 570 362 034	1 758 645 582	1 833 934 833
Total Cash at end of year	2 586 672 249	2 570 362 034	2 514 525 440	1 758 645 582	1 833 934 833	1 920 773 801

Annexure D: Personnel Information

Category	Salary Level	Salary Bands	Components of Remuneration	Preliminary outcomes			Revised Estimate			Projections over the MTEF										
				2022/23			2023/24			2024/25			2025/26			2026/27				
				Number of posts filled on funded establishment	Expenditure on posts filled on funded establishment (R thousand)	Unit Cost	Number of posts on approved establishment	Number of funded posts (establishment)	Number of posts filled on funded establishment	Expenditure on posts filled on funded establishment (R thousand)	Unit Cost	Number of posts filled on funded establishment	Expenditure on posts filled on funded establishment (R thousand)	Unit Cost	Number of posts filled on funded establishment	Expenditure on posts filled on funded establishment (R thousand)	Unit Cost	Number of posts filled on funded establishment	Expenditure on posts filled on funded establishment (R thousand)	Unit Cost
R Thousand																				
			Performance bonus	-	40 682	-	-	-	50 761	-	-	54 821	-	59 207	-	-	63 944	-		
Permanent	952 486 - 1 125 825	Middle Management	Guaranteed package	42	39 492	940	42	42	41 644	992	42	43 914	1 046	42	46 320	1 103	42	49 100	1 169	
Permanent	281 560 - 343 815	Semi-skilled	Guaranteed package	12	4 341	362	18	18	5 094	283	18	5 384	299	18	5 694	316	18	6 035	335	
Permanent	508 693 - 811 559	Professionals	Guaranteed package	59	44 392	752	73	73	52 811	723	73	55 842	765	73	58 587	803	73	62 102	851	
Permanent	420 403 - 508 692	Skilled	Guaranteed package	39	16 896	433	39	39	17 817	457	39	18 788	482	39	19 818	508	39	21 007	539	
Permanent	420 403 - 508 692	Contract workers	Other		24 041	283			37 001	435		43 680	514		51 526	606		59 034	695	
Permanent	1 371 557 - 1 663 581	Senior Management	Guaranteed package	7	10 937	1 562	7	7	11 533	1 648	7	12 162	1 737	7	12 829	1 833	7	13 598	1 943	
Permanent	24 480 802	Executive Board Members	Guaranteed package	1	4 866	4 866	1	1	5 131	5 131	1	5 411	5 411	1	5 708	5 708	1	6 050	6 050	
Permanent	24 480 802	Executive Board Members	Performance bonus		1 370	1 370			1 445	1 445		1 524	1 524		1 607	1 607		1 704	1 704	
Permanent	2 742 375 - 3 098 220	Executive Board Members	Guaranteed package	1	2 892	2 892	1	1	3 049	3 049	1	3 215	3 215	1	3 392	3 392	1	3 595	3 595	
Permanent	2 742 375 - 3 098 220	Executive Board Members	Performance bonus		738	738			778	778		821	821		866	866		917	917	
Permanent	2 157 057 - 2 428 831	Executive Management	Guaranteed package	1	2 098	2 098	1	1	2 212	2 212	1	2 333	2 333	1	2 461	2 461	1	2 608	2 608	
Permanent	2 157 057 - 2 428 831	Executive Management	Performance bonus		500	500			527	527		556	556		586	586		622	622	
Permanent	2 428 832 - 2 742 374	Executive Management	Guaranteed package	1	2 509	2 509	1	1	2 646	2 646	1	2 790	2 790	1	2 943	2 943	1	3 119	3 119	
Permanent	2 428 832 - 2 742 374	Executive Management	Performance bonus		746	746			787	787		830	830		875	875		928	928	
Permanent	2 157 057 - 2 428 831	Executive Management	Guaranteed package	1	2 148	2 148	1	1	2 266	2 266	1	2 389	2 389	1	2 520	2 520	1	2 671	2 671	
Permanent	2 157 057 - 2 428 831	Executive Management	Performance bonus		654	654			688	689		727	727		767	767		813	813	
Permanent	3 098 221 - 3 502 101	Executive Management	Guaranteed package	1	3 139	3 139	1	1	3 311	3 311	1	3 491	3 491	1	3 682	3 682	1	3 903	3 903	
Permanent	3 098 221 - 3 502 101	Executive Management	Performance bonus		544	544			574	574		605	605		638	638		676	676	
TOTAL				165	202 986	1 230	185	185	185	240 076	1 298	185	259 282	1 402	185	280 025	1 514	185	302 427	1 635

Personnel numbers have slightly increased from a staff complement of 165 as at 31 March 2023 to 185 as estimated in FY2024. The staff complement is projected to grow by 20 in the short to medium term bringing the staff complement to 185 in the short to medium term. The staff complement is mainly made up of professionals. Personnel cost as a percentage of total operating expenses, averages around 65%, which is an acceptable norm in Development Finance Institute/Private Equity environments, where there is a high dependence on professional staff.

Annexure E: Consolidated Indicators (the dtic)

Output Number	Outputs	Outcomes
Output 1	R200 billion in investment pledges secured across the state	Industrialization
Output 2	R40 billion in additional local output committed or achieved	Industrialisation
Output 3	R700 billion in manufacturing exports	Industrialisation
Output 4	R300 billion in manufacturing exports to other African countries	Industrialisation & Transformation
Output 5	R2.5 billion in exports of Global Business Services (GBS)	Industrialisation
Output 6	R30 billion in support programmes administered by or in partnership with the dtic-group	Industrialisation, Transformation & Capable State
Output 7	R15 billion support programmes to enterprises in areas outside the 5* main metros	Industrialisation & Transformation
Output 8	R8 billion in financial support programmes to SMMEs, and women and youth-empowered businesses	Transformation
Output 9	R7.5 billion in financial support programmes to enterprises in labour absorbing sectors	Transformation
Output 10	R 800 million in Equity Equivalent Investment Programme agreements	Industrialisation and Transformation
Output 11	R 40 billion in Black Industrialist output	Industrialisation and Transformation
Output 12	1 million Jobs Supported or covered by Master Plans	Transformation
Output 13	100 000 jobs to be created (50 000 social economy fund part-time or temporary job opportunities and 50 000 full-time jobs)	Transformation
Output 14	23 000 jobs in Black Industrialists firms	Transformation

Output Number	Outputs	Outcomes
Output 15	20 000 additional workers with shares in their companies	Transformation
Output 16	10 high-impact outcomes on addressing market concentration, at sector or firm level.	Industrialisation and Transformation
Output 17	2 New SEZs designated and support work with provinces related to industrial parks	Industrialisation & Transformation
Output 18	R1.3 billion in financial support to enterprises including SMMEs to mitigate impact of load shedding through energy resilience fund	Industrialisation & Transformation
Output 19	1400 Megawatts of energy from projects facilitated	Industrialisation & Capable State
Output 20	550 Megawatts of energy available for the grid	Industrialisation & Capable State
Output 21	1 Energy One-stop Shop operational	Capable State
Output 22	Expedited regulatory amendments and flexibility, to promote energy efficiency	Industrialisation, Transformation And Capable State
Output 23	100 Investor facilitation and unblocking interventions provided	Industrialisation
Output 24	Greylisting: Publication of 'Know your Shareholder' regulations	Capable State
Output 25	10 Business Forums aimed at supporting increased FDI, exports and outward investment hosted.	Industrialisation, Transformation & Capable State
Output 26	4 Pieces of priority legislation amended, tabled or submitted to Executive Authority, Cabinet or Parliament.	Industrialisation, Transformation & Capable State
Output 27	Implementation of the AFCFTA	Industrialisation
Output 28	10 High impact trade interventions completed	Industrialisation & Transformation

Output Number	Outputs	Outcomes
Output 29	1 Strategy finalised responding to the EU Carbon Border Adjustment Mechanism (CBAM) non-tariff barriers	Industrialisation
Output 30	1 EV Strategy finalised	Industrialisation
Output 31	1 Finalisation of green hydrogen commercialisation framework	Industrialisation
Output 32	1000 Case studies of firms, workers, entrepreneurs, professionals or communities' individuals impacted by the dtic measures; including 12 local films/documentaries telling the SA story	Capable State
Output 33	52 Community outreach programmes by the dtic group	Industrialisation, Transformation & Capable State
Output 34	7 Master Plans managed and 1 new masterplan to be finalised.	Industrialisation And Transformation
Output 35	Oversight of IDC, NEF and ECIC to ensure that at least 95% of planned KPIs are achieved	Industrialisation, Transformation & Capable State
Output 36	Oversight of other entities to ensure that at least 95% of planned KPIs are achieved	Industrialisation, Transformation & Capable State
Output 37	5 Conferences, summits, and international forums hosted	Industrialisation, Transformation & Capable State
Output 38	50 Mergers and acquisitions where public interest conditions have been incorporated	Industrialisation, and Transformation
Output 39	4 High-impact measures to improve the efficiency and/or effectiveness, of the dtic's policy or programme interventions.	Capable State

Output Number	Outputs	Outcomes
Output 40	10 High-impact measures to reduce red tape or improve turnaround times in administration of incentives and work of agencies	Industrialisation, Transformation & Capable State
Output 41	4 Protocols finalised under the AfCFTA	Capable State
Output 42	1 Metal Trading System developed to identify stolen public infrastructure entering the scrap metal value-chain, export market or legitimate metal production industry	Industrialisation, Transformation & Capable State
Output 43	Promotion of a transparent and just adjudication process for incentive applications	Capable State
Output 44	6 Impact assessments of trade instruments	Transformation
Output 45	10 Successful actions completed on price monitoring and excessive pricing or price gouging	Industrialisation and capable state

Notes:

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Trade and Industry
REPUBLIC OF SOUTH AFRICA