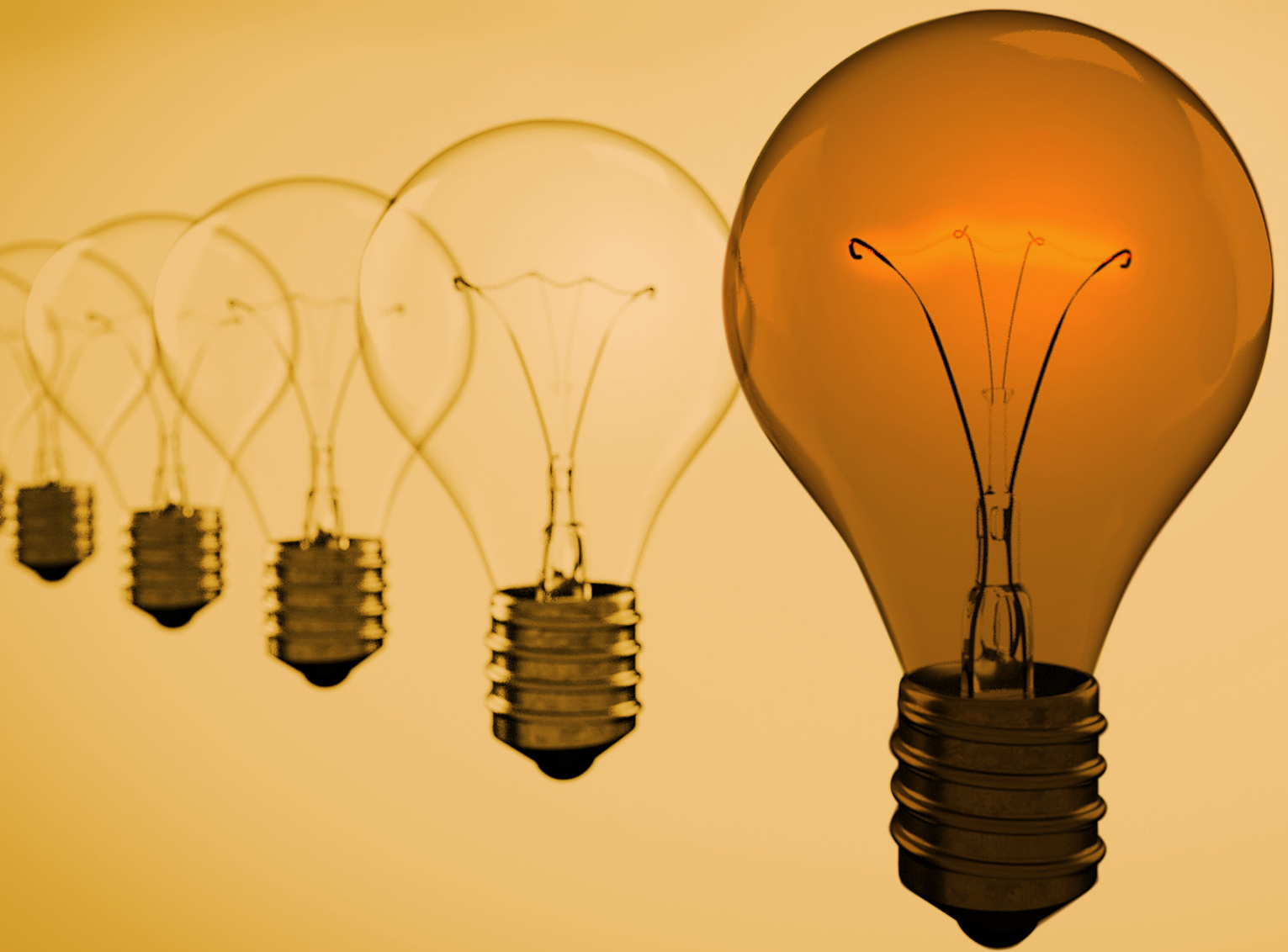


**ANNUAL
PERFORMANCE
PLAN
2018/19 – 21**





Annual Performance Plan

For the years 2018/19 - 21

Final Draft

Due: 31 January 2018

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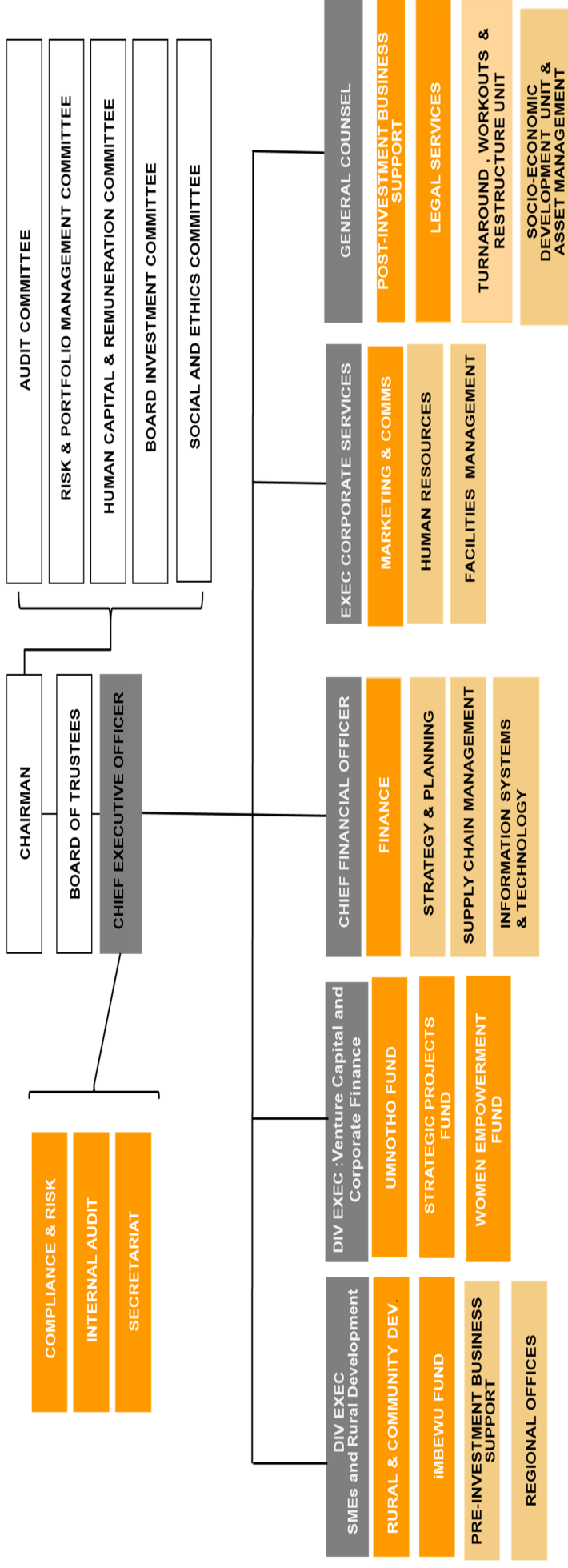
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Acronyms and Abbreviations

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 Precedent may not have been met yet.
COSO	:	Committee of Sponsoring Organisations of the Tread way Commission
DFIs	:	Development Finance Institutions
Disbursements	:	Total cash advancements made against all approved deals (deals may have been approved in current and previous financial periods) subject to all Conditions Precedent having been satisfied by the investee.
EC	:	Eastern Cape
ERM	:	Enterprise-wide Risk Management
FC	:	Financial Closure
FMD	:	Fund Management Division
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
MP	:	Mpumalanga
NEF	:	National Empowerment Fund
QLFS	:	Quarterly Labour Force Survey
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
RCDF	:	Rural and Community Development Fund
SEDU	:	Socio Economic Development Unit
SME	:	Small and Medium Enterprise
SOCE	:	State Owned Commercial Enterprise
SPF	:	Strategic Projects Fund
TC	:	Technical Completion
WC	:	Western Cape

1. Organisational structure



Note: Whilst this is an approved organogram for the organisation, the NEF has had to manage with a few key vacancies mainly due to its recapitalisation issues.

2. Official sign-off


It is hereby certified that this Annual Performance Plan (APP):

Was developed by the management of National Empowerment Fund (NEF) under the guidance of Accounting Authority, Mr Rakesh Garach.

Was prepared in line with the current Strategic Plan of the NEF.

Accurately reflects the performance targets which NEF will endeavour to achieve given the resources made available in the budget for 2018/19.

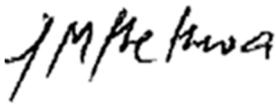
Innocentia Pule

: 

Chief Financial Officer

Date: 30 / 01 / 2018

Philisiwe Mthethwa

: 

Chief Executive Officer

Date: 30 / 01 / 2018

Recommended for approval by

Rakesh Garach

: 

Accounting Authority

Date: 30 / 01 / 2018

3. Foreword by the Minister

South Africa's promotion of a higher level of more inclusive economic growth must involve intensifying efforts to promote Radical Socio-Economic Transformation in two inextricably linked dimensions.

Firstly, it must involve redoubling our efforts to fundamentally change the colonially-defined structure of our economy as a producer and exporter of primary commodities through industrialisation and moving up the value chains. Secondly, it must mean intensifying efforts to promote greater inclusion of black people in positions of ownership, management, leadership and control, particularly but not only in the productive economy.

One of the flagship pillars that are integral to the Industrial Policy Action Plan (IPAP) is the Black Industrialist Programme. This we launched in 2016 when we said we would seek to support 100 black industrialists over the then Medium-Term Expenditure Framework (MTEF) period ending March 2019. We can now point to 62 approved projects run by black industrialists with Government agencies including the NEF, collectively having deployed over R3 billion in support of about 3 979 new jobs and 3 837 retained jobs.

In partnership with local and international investors, the NEF has developed 27 strategic and industrial projects worth over R28 billion, with the potential to support over 85 000 jobs, 3 600 of which have been created to date. The NEF's Strategic Projects Fund therefore remains a key and important instrument whose work supports efforts to advance the development of black industrialists.

Equally important is the spirited work that continues to unfold in the other areas of the NEF's mandate, namely the iMbewu Fund that supports SME development; the Rural and Community Development Fund that supports rural and peri-urban economic activities; the Women Empowerment Fund, whose ethos is based on the mantra that "to fund a woman is to fund a nation", as well as the uMnotho Fund through which the NEF supports black participation in untransformed sectors of the economy and expansionary projects in medium-sized enterprises.

In addition to providing innovative finance solutions, non-financial interventions such as business planning, entrepreneurship development, incubation, investor education and mentorship are also critical imperatives in the quest for inclusive growth, and in this regard we commend the NEF for continuing to set the benchmark. We especially commend the NEF for

securing for twelve years running, clean external audit opinions, which attests to the organisation's integrity and financial management acumen.

It is for these reasons that efforts are underway to ensure that the NEF, as an apex institution, will soon be recapitalised as a subsidiary of the Industrial Development Corporation in order to meet the considerable demand for funding by black entrepreneurs.

Targets set out in this Annual Performance Plan will allow the NEF to continue its sterling job in supporting Government policies, especially IPAP and NDP, which are aimed at enhancing the creation of decent job opportunities for our economy.



Dr Rob Davies. MP
Minister of Trade and Industry

4. Overview by the Accounting Authority

Critical risks continue to relate to Recapitalisation, Sustainability and Credit/Asset quality. Securing additional capital remains the NEF's key objective to ensuring the sustainability of the organisation in order for it to fulfil its mandate. It is therefore critical to urgently implement the business combination process with the IDC as announced in February 2017. Delays experienced during the 2017/18 financial year in unconditionally releasing the bridging finance from the IDC to fund activities as outlined in the original APP, compelled the NEF Board, with the Minister's approval, to review and revise down the targets set for the year. The 2018/19 targets onwards have however been set in anticipation that all hurdles experienced in the current year would be cleared to allow flow of funds to the NEF in time for the 2018/19 activities to be undertaken.

The NEF continues to engage the National Treasury through **the dti** in obtaining all PFMA approvals that will allow it to access loan funding from various lenders that the organisation has been engaging. These include the IDC, the PIC as well as other capital market lenders. It is however critical to highlight that allocations from the fiscus will still be required to allow the NEF to sustainably continue discharging its mandate.

The NEF has continued to champion the quest for inclusive economic participation as evidenced in the sterling performance reported for the 2016/17 financial year. The total value of approvals since inception to the 2016/17 financial year is R8.6 billion towards 852 black businesses; while R5.6 billion has been disbursed into the national economy.

It is pleasing to report that as at end of quarter three of the 2017/18 financial year, the NEF has approved sixty-seven transactions worth R474 million and has disbursed R323 million into the economy. Through these disbursements, the NEF is geared to support 2 291 job

opportunities (1 516 of which are new). This brings total job opportunities geared to be supported since inception in excess of 94 000.

Management and the Board will during the 2018/19 financial years formulate strategies aimed at further entrenching economic participation of designated groupings (mainly women, youth and persons with disabilities). This will culminate in targets being set in line with the directive from **the dti**. Adequate capital resourcing of the NEF is however very important in ensuring that sustainable programmes in this regard can be established.

The final draft of the APP is hereby presented to **the dti** for approval. As indicated above, a key assumption made by the organisation as it presents its targets is that adequate resources will be available to roll out programmes outlined in this APP. This submission has been deliberated on and approved by the Board of Trustees.

Part A: Strategic Overview

5. 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 Broad-Based Black Economic Empowerment (B-BBEE) investments in the DFI space.

6. Mission

The National Empowerment Fund is a catalyst of B-BBEE in South Africa. We enable, develop, promote and implement innovative investment and transformation solutions to advance sustainable black economic participation in the economy.

7. Values

The NEF has implemented a values & culture programme which has been developed, communicated and implemented through various workshops with staff. The NEF values are the cornerstone of how the NEF expects its employees to conduct themselves when discharging their duties. The leadership strives to ensure the entrenchment of these values through targeted initiatives such as the values celebration program, as well as linking the values and culture program to heritage month. The values by which we conduct ourselves are:

- Ethics** : Choosing to do what's right over what's wrong
- Motivation** : Being self-driven and passionate in what we do
- Performance** : Achieving results timeously, accurately and performing to create an impact
- Ownership** : Owning our actions, our decisions and consequences of our actions
- Worthy** : Creating an environment where we make a valued contribution and where we feel valued for our contribution
- Excellence** : Consistently exceeding expectations and being the best in everything we do
- Respect** : Treating everyone fairly and with dignity and demonstrating humility

8. Strategic goals and objectives

The NEF's key strategic outcome-oriented goals against which performance is reported are to:

1. Provide finance to business ventures established and managed by black people.
2. Invest in black empowered businesses that have high employment creating opportunities.
3. Support the participation of black women in the economy.
4. Facilitate investment across all provinces in South Africa.
5. Encourage and promote savings, investment and meaningful economic participation by black people.
6. Advance black economic empowerment through commercially sustainable enterprises.
7. Establish the NEF in the South African economy as a credible and meaningful DFI.
8. Establish the NEF as a sustainable DFI.

In order to achieve these objectives the NEF is structured to deliver against this mandate by performing the following core activities:

- Fund Management, which comprises:
 - The Venture Capital & Corporate Finance Division, which is comprised of uMnotho Fund, the Strategic Projects Fund (SPF) and the Women Empowerment Fund.
 - The SME & Rural Development Division, which consists of Pre-Investment Unit, iMbewu Fund, Rural & Community Development Fund and Regional Offices.
 - General Counsel, which provides the following:
 - Legal support;
 - Post-investment support services to the invested portfolio;
 - Turnaround, workout and restructuring services;
 - Socio-economic Development and Asset Management Units through which the NEF provides support to communities, aims to foster a culture of savings and investment among its beneficiaries as well as promote Enterprise Development.

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; and
- Facilities.

Empowerment Dividend

The NEF seeks to measure and assess 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 Empowerment Dividend has to manifest itself in measurable impact results over and above financial returns.

Elements of the Empowerment Dividend are 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.
- **Support of Job Opportunities** – Contribution towards employment creation and the number of job opportunities created per rand invested or job opportunities 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 return that each Fund realises on capital employed after impairment.

9. Recent Court Rulings

There are no recent court rulings which would impact on the NEF's ability to implement its strategy.

10. Updated Situational Analysis

Global Economic highlights

The global economy expanded by just 2.2%, the lowest economic growth rate since 2009, as a result of stagnating global investment, low global trade growth, low productivity and higher levels of debt. Recent low commodity prices have aggravated these factors with conflict and geopolitical tensions continuing to weigh on economic prospects in several regions. Global uncertainty was further aggravated by the change of leadership in the USA. The US elections, combined with Brexit all point towards a potentially high degree of protectionist and nationalist sentiment. Should it be followed through by policy, it is likely to impact negatively on global trade and investment flows.

According to the World Bank, the global economy is projected to expand by 2.7% in 2017. This modest growth is indicative of economic stability as opposed to a signal of dynamic and sustained revival of global growth. Key global events that pose key risks include the economic slowdown in China; US interest rate hikes could negatively impact on capitals flows into emerging markets; and rising populism in developed economy could see protectionism policies disrupting trade and investment flows that encompass emerging markets.

Key global implications to South African markets

The UK's withdrawal from the EU may enable the Southern African Customs Union to negotiate improved access for agro-processing and agricultural products to the UK market as the restrictive conditions hitherto imposed by other EU countries will no longer have to be accommodated.

South Africa's motor vehicle exports to the UK may benefit from Brexit should vehicles produced in the EU face more difficult market entry. However, should the UK vehicle producing industry suffer setbacks, its demand for South African vehicle parts and components may decline.

Import competition would most likely intensify if Chinese and Mexican clothing manufacturers lose substantial market access in the US. This would counter ongoing efforts to stabilise the domestic sector.

It is worthy to note that South Africa's prudent macroeconomic and fiscal policies, which include inflation targeting and a flexible exchange rate, enable the economy to adjust to global volatility, and provide a stable platform for investment.

South African Economic highlights

On the domestic side, the South African economy faced a challenging year in 2016 where the GDP contracted by 0.3% in the fourth quarter of 2016 and the overall annual GDP grew by 0.3%.

Following two consecutive quarters of decline, the South African economy recorded a promising recovery of 2.8% and 2% growth in GDP for the second and third quarters of 2017. This recovery was mainly driven by agriculture, finance, manufacturing and mining. What is noteworthy and comes a welcomed relief to cash strapped households is the fact that the growth in agriculture was mainly driven by a rise in production of field crops, in particular maize and wheat, as well as increased production of horticulture products such as vegetables. The bumper crop will assist in driving prices of these commodities down. The growth in mining was the second consecutive quarter of growth in the sector, which in the third quarter was mainly driven by increased production of gold and platinum.

High unemployment remains a key challenge in the South African economy as the unemployment rate remained stagnant at 27.7% since the first quarter of 2017, which is the highest observed since September 2003. Of the increased number of job-seekers, 56% were young people aged 15-34, driving the youth unemployment rate to 38.6%.

According to the revised World Bank forecast, the South African economy is projected to grow by 0.6% in 2017, an adjustment from the 2017 Budget Review projection of 1.3%. However, a recovery is expected, which will be supported by a stronger global growth, more favourable weather conditions, reliable electricity supply, less volatile labour relations, and stabilising commodity prices. The projected recovery of 1.1% and 1.7% for 2018 and 2019 respectively is however a significant far cry from the 5.4% growth required in order to attain the NDP aspirations.

Considerations for the NEF

In the midst of a global and domestic difficult economic environment, the NEF remains committed to its role in contributing to the achievement of national goals of poverty alleviation, transformation and economic growth. In addition, the NEF recognises its responsibility as a funder to black-owned businesses to encourage investment activities in the country that will

further contribute to job creation opportunities in a time where unemployment continues to be a challenge.

The State of the Nation Address in January 2017 called for radical economic transformation. In addition, the Budget Speech of February 2017 pointed to additional efforts to reduce economic concentration through enhanced competition in South African markets.

The Minister of Finance, Honourable Malusi Gigaba, stressed in his address to the Black Business Council on 15 May 2017, a point he further emphasised in his Medium Term Budget Policy Statement on 25 October 2017, that the government is committed to address the high barriers of entry and low competition in the South African market, and emphasised the urgency to deliver socio economic change that will enable businesses and industries to grow in an inclusive way.

Consequently, the government calls for urgency to accelerate inclusive growth and development in an effort to reverse the triple challenge of poverty, unemployment and inequality. The sovereign downgrades have further highlighted that there is a greater need for economic growth and transformation in the midst of an undeniably tough economic climate.

With a strong commitment to advancing an empowerment dividend comprising of job opportunities creation, women economic empowerment, investment across all provinces in the country; the NEF serves to lend support and credibility to black-owned businesses which have a higher risk profile in a climate where otherwise investment in these businesses would be minimal. The NEF is therefore equipped and experienced to make higher risk investments that will advance economic transformation.

11. Key programmes aligned to Government Priorities

The NEF seeks to align its strategy and activities with the priorities of national government. Details of this are provided below.

11.1 Alignment to the dti

The NEF actively contributes to the following strategic objectives of **the dti**.

the dti Strategic Objectives	NEF Strategic Objectives	Programmes/ Activities
Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation.	Provide finance to business ventures established and managed by black people.	Approval and Commitment activities by the funds. (iMbewu Fund, Rural & Community Development Fund, uMnotho Fund, Women Empowerment Fund and Strategic Projects Fund).
	Invest in black empowered business' that have high employment creating opportunities.	Approval and Commitment activities by the funds. (iMbewu Fund, Rural & Community Development Fund, uMnotho Fund, Women Empowerment Fund and Strategic Projects Fund).
	Black economic empowerment is advanced through commercially sustainable enterprise.	Non-financial support activities including mentorship, entrepreneurial development, and portfolio management activities.
Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth.	Encourage and promote savings, investment and meaningful economic participation by black people.	Investor education campaign.

11.2 Alignment to the National Development Plan

“Employment scenarios prepared by the Commission suggest that most new jobs are likely to be sourced in domestic-orientated businesses, and in growing small- and medium-sized firms.”

(Page 39, National Development Plan)

Enabling milestones listed in the National Development Plan to which the NEF can contribute include:

- Increasing employment from 13 million in 2010 to 24 million in 2030.
- Broaden ownership of assets to historically disadvantaged groups.

By focusing on its mandate which is to promote and facilitate black economic participation in the economy, the NEF is able to contribute towards the transformation of the economy. In particular, the NEF can contribute towards the achievement of these milestones by contributing to the creation of employment through the financial and non-financial support of entrepreneurs.

Through the funding of sustainable local black-owned ventures, the NEF would be actively contributing towards supporting local, black-owned, small and medium sized enterprises, and in doing so, supporting the job creation abilities of these firms. The NEF also strives to contribute

towards the promotion of labour absorbing industries by funding transactions in the priority sectors. In addition, the funding provided by the NEF can support local businesses and contribute towards attracting funding from private investors through co-funding arrangements.

The NEF is able to contribute towards the creation of an integrated rural economy through its Rural & Community Development Fund, which focuses on funding commercially viable projects in rural and peri-urban areas. In doing so, the fund contributes to the development of rural economies, as well as the development of agriculture and agro-processing and tourism in rural and peri-urban areas.

Through the continuation of its Investor Education Programme, the NEF endeavours to inculcate a spirit of entrepreneurship, as well as savings and investment.

The alignment of the NEF's strategy and activities with Outcome 4 of the Medium Term Strategic Framework is presented below.

Sub-Outcome	Actions	Indicators	NEF Target & Actions
1. Productive investment is effectively crowded in through the infrastructure build programme.	Support for local suppliers for infrastructure programme.	% share of local inputs in government infrastructure.	The NEF supports the government's infrastructure programmes by supporting local suppliers. For instance, the NEF has funded local B-BBEE supplier involved in the PRASA rolling stock supply contract. The project also aims to provide Black women owned businesses with an effective platform from which they can transition into independent businesses.

Sub-Outcome	Actions	Indicators	NEF Target & Actions
			<p data-bbox="236 1023 268 1120"><u>Passenger Rail Agency of South Africa (PRASA) (R90 million committed)</u></p> <ul data-bbox="279 1023 472 1064" style="list-style-type: none"> <li data-bbox="279 1023 347 1064">• PRASA initiated a rolling stock fleet renewal procurement program worth R50bn with expected maintenance contract of R10bn over 10 years to replace the aging stock <li data-bbox="406 1023 472 1064">• PRASA intend for local Black entrepreneurs to participate economically in the roll out of the rolling stock.
			<p data-bbox="531 1023 683 1120">During the initial stages, the NEF warehoused the shares intended to benefit Active Black Enterprises, Investor Black Enterprises, Employee Trusts, and the Education Trust which will benefit approximately 120 people.</p> <p data-bbox="655 1023 683 1064">The project aims to achieve a minimum of 66% average local content.</p>
<p data-bbox="742 185 890 309">The building of strategic infrastructure stimulates crowding in of productive investment.</p>	<p data-bbox="742 315 890 663">New productive investments utilise the infrastructure provided by every SIP.</p>		<p data-bbox="742 1023 890 1120">By supporting tourism infrastructure and film industry projects, the NEF is investing in strategic infrastructure that has the ability to attract productive investment. Two of these investments are outlined below:</p> <p data-bbox="901 1023 928 1303"><u>Graskop (R33.4 million invested)</u></p> <ul data-bbox="975 1023 1378 1064" style="list-style-type: none"> <li data-bbox="975 1023 1043 1064">• The Graskop Gorge area is being developed into a major tourism node on the Panorama Tourist Route in Mpumalanga through the new Adventure Centre. <li data-bbox="1058 1023 1209 1064">• The main feature of the project is the construction of an outdoor lift system that will be able to ferry people up and down off the cliff-face into the forest environment below. The forest environment will have various elevated and ground walkways that will allow visitors to explore the unique environment. <li data-bbox="1224 1023 1378 1064">• Supporting this outdoor lift system will be a newly constructed tourism centre that will provide a multitude of tourism products and services, including: a restaurant, bar, retail outlets, kids play area and centre management offices that will support the entire development.

Sub-Outcome	Actions	Indicators	NEF Target & Actions
			<ul style="list-style-type: none"> In the medium-term the project will construct a 36-bed hotel in the Gorge that will support Phase I through the provision of additional support infrastructure such as the hotel guest parking, laundry, offices etc. The project will create 145 jobs.

Cape Point Film Studios

- Cape Point Film Studios (CPFS) aims to develop the first purpose built four Precincts Sea and Underwater Sound Stage in the Southern Hemisphere.
- There has been growing demand for production facilities of an international standard in South Africa by Hollywood producers.
- Therefore, CPFS aims to address this shortfall by offering unique and niche water stage facilities that are currently not available in the country in addition to existing sound stages.
- The project has great job creation potential and will assist to revive an economically-depressed area in Atlantis, Cape Town. This project will create 50 direct and 4500 indirect jobs.

2. The productive sectors account for a growing share of production and employment.	IPAP implemented and reviewed regularly in terms of impacts on growth, employment, investment, output, exports and African regional development.	IPAP sector interventions towards growth, employment creation and more equitable incomes underway.	<p>In 2007, the NEF established the SPF, to provide venture capital entrepreneur funding in early development stage projects within strategic South African economy-driving sectors as per government's IPAP.</p> <p>In line with IPAP, SPF was established to: create new manufacturing and industrial capacity, create an inclusive economy and new job opportunities, increase South Africa's export earning potential and reduce import dependency, as well as to increase co-investment and linkage with foreign direct investment.</p>
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Sub-Outcome	Actions	Indicators	NEF Target & Actions
			<p>SPF focuses its investments in the strategic South African economy-driving sectors, including but not limited to; mineral and resources beneficiation, infrastructure, green/renewable industries, manufacturing, agro-processing, business process services and tourism.</p> <p>SPF currently has about 27 projects under development. The total potential number of job opportunities to be created is over 85 000.</p> <p>The implementation of the projects requires approximately R28 billion in capital, of which approximately R4 billion is due by the NEF, in respect of its equity interests held in the projects.</p>
	<p>Agricultural Policy Action Plan (APAP) developed, implemented and reviewed regularly in terms of impact on growth, employment, rural incomes, investment, output, exports and African regional development.</p>	<p>APAP sector and cross-cutting intervention towards growth, employment creation and higher rural incomes underway.</p>	<p>The Rural & Community Development Fund focuses on the provision of finance to rural and agricultural communities, which supports employment creation in rural areas and the agricultural sector. This is achieved by:</p> <ul style="list-style-type: none"> • Promoting access to finance for black entrepreneurs. • Promoting 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 own and managed by black people. • Creating sustainable rural enterprises and thereby assisting in the creation of job opportunities and sustainable incomes.
	<p>Agriculture, Forestry and Fisheries Market and Trade Development Strategy.</p>	<p>Trade and Development Strategy and cross-cutting interventions towards growth,</p>	<p>The Rural & Community Development Fund forges relationships with various departments and agencies that are active in the sector. We intend to conclude three MOUs to support our interventions and a joint proposed fund to address the</p>

Sub-Outcome	Actions	Indicators	NEF Target & Actions
		<p>employment creation and higher rural incomes underway.</p>	<p>key elements of sector development, especially Agro processing and Forestry transformation.</p>
	<p>Mining Beneficiation Action Plan (MBAP) developed implemented and reviewed regularly in terms of impact on growth, employment, rural incomes, investment, output, exports and African regional development.</p>	<p>MBAP developed and implemented.</p>	<p>In support of the MBAP, SPF has several mineral beneficiation-related projects under development.</p>
			<p><u>Liciatron (R15 million invested)</u></p> <ul style="list-style-type: none"> • Liciatron is an open-pit mining entity that specialises in granite dimension stone quarrying. The company is located in Komga, East London and markets its products both locally and internationally. • 83 job opportunities will be supported through this investment (33 maintained and 50 new).
			<p><u>Manhize Coaking Coal (Manhize) (R10 million invested)</u></p> <ul style="list-style-type: none"> • The Manhize project aims to establish a carbon reductant producing facility in South Africa. To date, a concept study and a pre-feasibility study phases have been successfully concluded with a potential market being identified. • Based on the feasibility work conducted, the project is likely to be based around Witbank, Mpumalanga, in order to ensure close proximity to feedstock. • The project will create circa 1 500 job opportunities (1 000 direct/500 indirect).
	<p>Determine viable shale gas</p>	<p>Economically viable shale gas reserves determined.</p>	<p>The NEF has approved over R125 million in mineral beneficiation projects.</p> <p>Although not involved in shale gas exploration, by supporting a nuclear industry training initiative the NEF seeks to contribute towards clean energy development in South Africa.</p>

Sub-Outcome	Actions	Indicators	NEF Target & Actions
	<ul style="list-style-type: none"> • Exploration plan developed • Appropriate legislation developed 		<p data-bbox="276 640 300 1066"><u>Nuclear Learning Tour (France, 2012)</u></p> <p data-bbox="317 190 469 1066">In anticipation of the roll-out of the Nuclear Build Programme in South Africa, the NEF sought to educate itself and black entrepreneurs on the nuclear energy sector value chain related to nuclear plants hence it sent a delegation of 14 to France in 2012 to attend the Area Nuclear Learning Tour.</p> <ul style="list-style-type: none"> • The NEF, in collaboration with the Nuclear Industry Association of South Africa (NIASA), hosted the Nuclear Industry Empowerment Conference in October 2012 in preparation for and to market the Nuclear Build Programme, as well as to provide a networking platform for nuclear industry stakeholders, including nuclear plant OEMs, funding institutions and black entrepreneurs (service providers, equipment suppliers, investors etc.). • The NEF facilitated for a total of 14 delegates to attend the Area Nuclear Learning Tour in France in 2012. The objectives of the tour included; creating an understanding of nuclear basics and physics, establishing an appreciation of the nuclear industry from uranium mining to nuclear power plant equipment production, including developing an understanding of project financing nuclear plants and risk mitigation. • Furthermore, it was expected of the black SME's who participated in the learning tour that they would identify and explore for exploitation, entrepreneurial opportunities within the value chain of the proposed South African Nuclear build Programme, including identifying potential funding means for any investment prospects. <p data-bbox="1278 190 1350 1066">The ultimate goal of the programme is to support black SME's and entrepreneurs who may want to position themselves in this sector.</p>

Sub-Outcome	Actions	Indicators	NEF Target & Actions
Implement National Tourism Strategy and review impact regularly in terms of impact on growth, employment, investment, output, exports and African regional development.	Tourism Strategy towards growth, employment creation and higher incomes for poor households underway.	The NEF's interventions in tourism include the funding of hotels and game lodges. These include investments in Tala Game Reserve, Rhino Lodge and Jozini Country Lodge.	The following transaction were undertaken in an effort to address the impact of growth and sustainable employment in the tourism sector.
			<p><u>TALA Private Game Reserve (R14.1 million invested)</u></p> <p>TALA Private Game Reserve is a wildlife conservancy hidden in the hills of a quiet farming community not far from Durban in KwaZulu-Natal. TALA is situated between Durban and Pietermaritzburg, conveniently accessible off the N3 through the Camper-downs off-ramp on the R603. Spanning over 2092 hectares and incorporating many diverse natural environments, the reserve features well over 380 bird species, with game such as rhino, kudu, hippo, giraffe and the rare sable antelope. Several distinctive and remarkable plant species are also to be found on TALA. The game reserve is owned 100% by the Nkumbuleni Community Trust.</p>
			<p><u>Amazin Hotel (R45.8 million invested)</u></p> <ul style="list-style-type: none"> • Amazin Hotel is a 3-star Park Inn in Polokwane, Limpopo. Amenities include a restaurant, conference facility, spa and other related facilities typical of a 4 star up-scaling hotel experience. • The hotel is well located next to a golf course and Peter Mokaba stadium; within walking distance to many professional firms and entertainment and between 3 and 6 kilometres from the CBD and the airport. • Operations started in February 2017, achieving occupancy rate of over 40% against a projected rate of 30%.

Sub-Outcome	Actions	Indicators	NEF Target & Actions
			<ul style="list-style-type: none"> 508 job opportunities were created through this project, 90% of which were for women.
			<p><u>Rhino Lodge KZN (R23.7 million invested)</u></p> <p>The project entails the establishment of a 44 bed Safari Lodge located in the Mpembeni Game Reserve. The management of the lodge has been contracted to Tourvest and they will offer Big 5 game drives and walks, birding and spa treatment. The Mpembeni Community Trust represents the interests of approximately 600 households who fall under the Tribal Authority of iNkosi Hlabisa and the Empembeni Tribal Council. The project has been endorsed by the Ezemvelo KZN Wildlife, KZN Tourism Authority and the office of the MEC of Economic Development and Tourism.</p>
	<p>Provide coaching incubation, intensive support and financing to grow the small business and cooperative sector towards a more inclusive economy.</p>	<p>% of growth in the number of small business and cooperatives</p>	<p>The Entrepreneurial Development Strategy intends to enhance the NEF's 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. We further seek to increase the participation by women and youth in the main stream economy through entrepreneurship.</p>
		<p>% of small business and cooperatives that are supported and that are still operating one year after support provided.</p>	<p>The following initiatives have already been implemented as part of the 3-year implementation plan:</p> <ul style="list-style-type: none"> Business Training Incubation Governance Training Mentorship (Pre and Post investment)

Sub-Outcome	Actions	Indicators	NEF Target & Actions
			<ul style="list-style-type: none"> <li data-bbox="237 185 469 1066">The Business Planner tool is an online software tool, intended to assist entrepreneurs to develop their own business plan and financial projections. The tool is accessible free of charge to all entrepreneurs (not only entrepreneurs wanting to apply for funding from NEF) to develop their business plans in an easy and user-friendly manner. To date, more than 19,000 entrepreneurs have accessed the Business Planner Tool. <li data-bbox="557 185 831 1066">Business training is provided primarily to entrepreneurs operating in outlying areas, including NEF broad based investee groups. This is made up of 4-day simulated training sessions intended to deliver learning experiences on business management principles and basic knowledge and understanding on financial systems, reporting and controls. A minimum of 18 training sessions are targeted to be provided p.a., 90% of these in rural areas and more than 70% of the delegates are women. <li data-bbox="892 185 1082 1066">Access to business incubation is facilitated for start-up and existing enterprises. Key exit outcomes incorporate financial growth, job creation and full compliance with legal and regulatory requirements. The NEF is targeting 75 enterprises to be referred for incubation; and 15 entrepreneurs in the final stage of incubations in 2017/18 and in the ensuing years. <li data-bbox="1142 185 1335 1066">Training on corporate governance and assistance with the implementation thereof is provided to the NEF's broad-based investee groups and beneficiaries. Training is provided to all qualifying investee groups within 6-months of project implementation and compliance to corporate governance requirements in 12-months.

Sub-Outcome	Actions	Indicators	NEF Target & Actions
			<p>The NEF established a mentorship panel comprising more than 110 industry and technical experts located throughout the country. Key objectives of the mentorship programme include the development and maintenance of sustainable businesses which will in turn contribute to the sustainable growth of the economy, assist with the turnaround management of distressed companies and business coaching.</p>
			<p>A minimum 3-month mentorship is provided to all small business and cooperatives funded to assist primarily with the implementation of adequate financial systems and controls. This is provided in addition to other relevant pre- and post-funding non-financial support.</p>
	<p>Job drivers on supporting the investment in the green economy, the social economy and public services as well as African regional development to be implemented and reviewed regularly in terms of impact on growth, investment, output, exports and African regional development.</p>	<p>Sector and cross-cutting interventions towards growth, employment creation and higher incomes for poor households underway in specified jobs drivers.</p>	<p>The NEF actively seeks to support projects with high job-creation opportunities, especially through its SPF. A few projects in the renewable energy sector with job creation potential are outlined below.</p> <p><u>Salamax 1660</u></p> <ul style="list-style-type: none"> • The project offers an opportunity to invest in a priority industry according to dti's IPAP where development and commercialization of South African intellectual property is supported and participation in projects that contribute to the green energy quota is encouraged. • Salamax 1660 has developed a second-generation biofuel process that uses grass and/or leaves to produce bioethanol and own electricity, through a locally developed technology invented by the project sponsor. • The process offers significant advantages over conventional methods that are currently in use, by being cost effective. This cost effectiveness may make the project viable without requiring government subsidies.

Sub-Outcome	Actions	Indicators	NEF Target & Actions
			<ul style="list-style-type: none"> This project is also aligned to key priorities of the NDP of job creation through its potential to create significant quality jobs at financial close, and contributing to SA's exports as a sizable portion of production will be exported to neighbouring SADC countries.
			<p>The NEF has committed R7 million towards the construction of a pilot plant at the North West University, Potchefstroom Campus; in partnership with the dti's Support Programme for Industrial Innovation where a grant of R4.9 million was secured. The project will proceed to full scale commercialization upon success of the pilot plant.</p>
	<p>Package support for supplier development especially state procurement.</p>	<p>Progressively rising local content levels in total state procurement.</p>	<p>The Procurement finance product provides funding for equipment and working capital to assist SMEs with the implementation of the contracts awarded by both private and public sector entities, including state-owned entities. The NEF also provides short-term revolving facilities to assist SMEs to fulfil once-off orders from the same entities.</p>
			<p>The NEF is in the process of forging direct relations with state-owned enterprises and government departments to increase volumes and support for procurement set asides, e.g. Transnet.</p> <p>To date:</p> <p>Over R 1.96 billion of investments were approved in 544 SME's to access funding from the NEF since 2005</p> <ul style="list-style-type: none"> R1.45 billion million has been disbursed to date in 400 SMEs since 2005 47% in Gauteng Province and 53% spread across South Africa At least 25% in value of investment are in SMEs owned and managed by Black women

Sub-Outcome	Actions	Indicators	NEF Target & Actions
3. Elimination of unnecessary regulatory burdens and lower price increases for key inputs fosters investment and economic growth.	Not applicable		<i>The target for Procurement Finance forms part of the broader target to “Provide finance to business ventures established and managed by Black people.”</i>
4. Workers’ education and skills increasingly meet economic needs.	Not applicable		
5. Expanded employment in agriculture.	Development of smallholder production in context of improved district planning and link to land reform, extension, marketing and other systems.	Plan to support smallholders developed and incorporated in APAP, with clear annual targets.	<p>Development of smallholder production:</p> <p>Through the provision of funding we expect to accelerate growth and transformation the rural economy, to create decent work and sustainable livelihoods, and further contribute to building economic and social infrastructure. This forms part of the rural development strategy that is linked to land and agrarian reform, food security, and tourism.</p> <ul style="list-style-type: none"> To date we have invested R165 million in the Agricultural sector, equating to R79k per job. Average women empowerment achieved is about 60% and about 90% of the invested portfolio is located in marginalised Provinces.

Sub-Outcome	Actions	Indicators	NEF Target & Actions
			<p data-bbox="231 705 263 1008"><u>Berlin Beef (R27 million invested)</u></p> <p data-bbox="271 705 718 1008">The business involves the establishment of a feedlot in Berlin, Eastern Cape for the supply of a high through-put abattoir in East London in terms of a 10 year off-take agreement, including upstream investment in the cattle supply region for improved breeding of cattle supplied to the Berlin Beef feedlot. The beef operation currently has a one-time standing capacity of 7 000 head on backgrounding and 3 000 head on feedlot, this capacity has more than doubled in the first year of operations. The project has adopted and complies with requirements of ISO 14001, a globally recognised standard specification that structures the implementation of an effective environmental management. The current local clientele includes Famous Brands, Shoprite and Pick and Pay. International markets include Hong Kong, Thailand and Vietnam.</p>

Partnership with the Department of Rural Development and Land Reform (DRDLR)

The NEF established a partnership with the DRDLR after the Hon. Minister Gugile Nkwinti invited the NEF to become a partner in the pilot implementation of the programme called STRENGTHENING OF RELATIVE RIGHTS OF PEOPLE WORKING THE LAND, also known as the 50 – 50 project. The objectives of the pilot project are at the heart of the existence of the NEF, because they seek to empower farmworkers to become entrepreneurs thus redressing the injustices of the past in the areas that were devastated more severely by apartheid.

Through the partnership, the NEF assisted in the facilitation of approving and finalising legal agreements worth R669 million.

Sub-Outcome	Actions	Indicators	NEF Target & Actions
<p>6. Macro-economic conditions support employment-creating growth.</p>	<p>Increase in industrial finance available.</p>	<p>Increase in industrial finance available.</p>	<ul style="list-style-type: none"> • SPF, the venture capital fund of the National Empowerment Fund (NEF), currently has 27 projects under development, in which it holds equity that is warehoused for future distribution to B-BBEE entities. • The implementation of the aforementioned projects requires circa R28 billion in capital, of which circa R4 billion is due by the NEF, in respect of its equity interests held in the projects.
<p>7. Reduced workplace conflict and improved collaboration between government, organised business and organised labour.</p>	<p>Development of programmes to address workplace conflict through (a) improved communication, career mobility, skills development and fairness in workplaces, and (b) stronger labour relations systems.</p>	<p>Number of workplace disputes declared.</p>	<p>The NEF believes in building the required human resource capacity through appropriate mechanisms that will ensure the training and development, upgrading skills, knowledge, competence and attitude that will contribute to the achievement of the NEF's goals and objectives.</p> <p>The NEF's overall training and development objectives are to encourage and support employees to attain their maximum potential thereby contributing to the achievement of the NEF's goals and objectives.</p>
<p>8. Expanded economic opportunities for historically excluded and vulnerable groups.</p>	<p>Programmes to ensure increased access to employment and entrepreneurship for women and youth in the context of stronger support for emerging and smaller enterprises overall.</p>	<p>Share of youth employment or education.</p> <p>Share of women in formal employment.</p>	<p>The NEF has established the Women Empowerment Fund (WEF) that will focus on only supporting women in transactions. An amount of R261.5 million was been allocated to the fund in the 2018/19 financial year.</p> <p>The NEF has previously allocated R1 million to the Kabelo Seitshiro Bursary Scheme which focused on funding university studies for youth and supporting them to qualify as Chartered Accountants.</p>

Sub-Outcome	Actions	Indicators	NEF Target & Actions
			<p>During the 2015/16 financial year, the NEF established a R2 million bursary fund to fund deserving learners across the country, to further their studies in obtaining qualifications that are identified as critical in the development of the country. In its year of inception, the NEF bursary fund advanced R1.6 million to fund 31 learners from previously disadvantaged backgrounds. 61% of these learners are female. 90% of these students passed and are being assisted to study further. A further new intake of 13 learners was made in the 2017/18 financial year and R2 million allocated to this fund.</p>
			<p>As part of its internship programme, the NEF targets graduates from different tertiary institutions and provides them on the job training for a year with the hope of absorbing them in the system based on their performance.</p>
			<p>The NEF has previously managed and provided additional financial support to the JIPSA/AFD Junior Management Development Programme, which is an exchange programme for junior South African managers to gain valuable business school training and practical work experience in France. 34 junior managers participated in the first intake, which was followed by 58 in the following year. The NEF is currently looking at developing other partnerships with the BRICs and EU countries for similar programmes.</p>
			<p>We have set ourselves a target of ensuring that Black women participate in and hold economic benefit of a certain percentage of the total disbursements invested annually. Annual targets for this are 40% in 2017/18 and thereafter.</p>
			<p>The NEF must increase the number of businesses owned and managed by Black people in South Africa by providing funding to such enterprises. We aim to approve</p>

Sub-Outcome	Actions	Indicators	NEF Target & Actions
			<p data-bbox="229 703 261 1066">new transactions worth R4.9 billion by 2021, and disburse R4.4 billion more into the economy during the strategic planning period.</p>
			<p data-bbox="266 703 298 1993">The NEF also aims to promote economic participation of people historically excluded from mainstream economy by increasing transactions in provinces with low activity and in rural areas. This will be achieved by increasing the overall value of portfolio in under-represented provinces by ensuring that 25% of annual disbursements is invested in the underrepresented provinces (namely, Northern Cape, Eastern Cape, Limpopo, Mpumalanga, North West and the Free State).</p>
9. Public employment	Not applicable		
schemes provide short-term relief for the unemployed and build community solidarity and agency.			
10. Investment in research, development and innovation supports growth by enhancing productivity of existing and emerging enterprises and improving living conditions of the poor.	Not applicable		

12. Description of the Planning Process

The strategic planning process starts with an assessment of where the NEF is, market failures that are being addressed and what resources are available to the organisation. A reflection and examination of recent history and changing contexts (both internal and external) of the economy, organisation, strategic thrust and progress made on strategic objectives allows an assessment of key impacting factors on the NEF. Answering the question of what we have to work with involves consideration of strengths and weaknesses and determination of how to capitalise on strengths.

We then determine the strategic direction/focus for organisation for the long term. Through a through stakeholder engagement and assessment of stakeholder needs, the vision and values of the NEF are then defined. The vision is then translated into a mission statement which is a broad, comprehensive statement of the purpose of the organisation.

The next step in the planning process is the articulation of goals. Goals indicate the intended future direction of the organisation. After articulating the vision and determining goals, we then address the means of reaching those goals. This step involves articulating strategies for achieving results. Strategies should reflect the strengths and weaknesses of the organisation.

Once all the objectives are defined and agreed upon, performance measures and targets are then set. Goal measurement involves articulation of objectives, indicators, and benchmarks. These measures are then included in the NEF's organisational scorecard for approval by the Board of Trustees. Key measures are further included in the Annual Performance Plan for approval by the Minister of Trade and Industry. These targets are then monitored by both the Board and **the dti** on a quarterly basis.

13. Financial Plan

The NEF's strategic objectives are detailed in section 8 of this Plan, and detailed Financial Projections are provided in Appendix A.

13.1 Projections of revenue, expenditure and borrowings

The NEF is currently engaged in a recapitalisation exercise 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. Most of the NEF's loan instruments are priced against the prime lending rate. Fees are projected at 1% of a third of funds disbursed each year.

Interest on cash in the bank is projected at an average rate of 6.5%, which are the projected rates achieved on money invested with the South African Reserve 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 best estimate of what the NEF could receive each year.

The Net Asset Value of the NEF has increased from R2.1 billion in 2005/06 to about R5.2 billion as at financial year end 2016/17. 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; however, material unrealised fair value losses on listed investments have been reported in the last two financial years.

Total Expenditure (i.e. including funding for non-financial services offered by the NEF) has increased in line with increased activities and targets. Operational expenditure includes general & administration and employee costs, and apart from office rental and salaries, are all budgeted for from a zero base. 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.

The NEF also embarked on various mandate related projects (i.e. non-financial support services) for which specific budget allocations are required. To this end a further average of R15m per annum has been budgeted for over the next three years. Some of the projects that the NEF is and will be involved in are Investor Education road shows and non-financial support to NEF investees (mentorship, entrepreneurship development as well as governance training).

Over the strategic period, the efficiency ratio (based on total costs) is forecasted to breach the intended long term range of 54%-58%. This is mainly as a result of reducing income from both investments and dividend receipts over the period. In addition, non-financial support activities are not subsidised. In the event that the NEF gets transfers from **the dti** to fully fund the non-financial services we currently undertake, the efficiency ratio could be brought down from an average of 64% and maintained around 61% over the course of the strategic period.

13.2 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 off-set 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.

13.3 Cash flow projections

Please refer to Appendix A.

13.4 Capital expenditure projects

Annual capital expenditure allocation is mostly related to replenishment of existing capital expenditure items such as computers, furniture and office equipment. The NEF further plans to enhance its IT environment and platforms over the medium period. The average budget allocation for capital expenditure over the three year period is R5.8 million.

13.5 Infrastructure plans

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. In addition, the NEF is involved in assisting with funding and/or planning phases for the PRASA and AREVA infrastructure development initiatives.

13.6 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 it is not currently on the MTEF.

Part B:

Programme Performance

**Strategic Objective:
Provide finance to business
ventures established and
managed by black people.**

14. Programme Performance

14.1 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 shareholders, and refinances BEE shareholdings where existing financing structures are costly and/or inefficient.	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.

National Empowerment Fund

	Acquisition Finance	New Venture Finance	Expansion Capital	Capital Markets	Liquidity & Warehousing	Property Fund
	<ul style="list-style-type: none"> • Medium to large companies • 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 	<ul style="list-style-type: none"> • Medium-sized greenfield projects with total funding requests of between R10 million and R200 million. • 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 • Active BEE involvement in investee companies 	<ul style="list-style-type: none"> • Active BEE involvement in investee companies 	<ul style="list-style-type: none"> • Medium to large companies • 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"> • Medium to large companies • 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"> • Medium to large companies • Alignment with priority sectors • Active BEE involvement in investee companies • BEE financial contribution on a case-by-case basis

National Empowerment Fund

	Acquisition Finance	New Venture Finance	Expansion Capital	Capital Markets	Liquidity & Warehousing	Property Fund
Types of instrument	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					
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	Performance Indicator/measure	Audited Actual Performance 2016/17	Estimated Performance (excl WEF contribution) 2017/18	Medium Term Targets		
					2018/19	2019/20	2020/21
Increase the number of businesses owned and managed by black people in South Africa.	Provide finance to black empowered business by investing in the form of loans, quasi-equity and equity finance through funds and funding products, targeting black rural enterprise, SMEs, corporate finance and venture capital.	Value of deals approved by uMnotho Fund (R million)	R286 m	R75 m	R361 m	R461 m	R530 m
		Value of new Commitments by uMnotho Fund (R million)	R174 m	R118 m	R271 m	R359 m	R413 m
		Value of Disbursements by uMnotho Fund (R million)	R155 m	R167 m	R303 m	R406 m	R475 m

Quarterly milestones

Outcome	Output	Performance Indicator/measure	Baseline 2016/17	2018/19 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Increase the number of businesses owned and managed by black people in South Africa.	Provide finance to black empowered business by investing in the form of loans, quasi-equity and equity finance through funds and funding products, targeting black rural enterprise, SMEs, corporate finance and venture capital.	Value of deals approved by uMnotho Fund (R million)	R286 m	R361 m	R36 m	R141 m	R278 m	R361 m
		Value of new Commitments by uMnotho Fund (R million)	R174 m	R270 m	R19 m	R81 m	R181 m	R270 m
		Value of Disbursements by uMnotho Fund (R million)	R155 m	R303 m	R0 m	R76 m	R194 m	R303 m

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. We are therefore not in a position to provide the required cost split per programme.

14.2 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	Performance Indicator/measure	Audited Actual Performance	Estimated Performance (excl WEF contribution)	Medium Term Targets		
					2018/19	2019/20	2020/21
Increase the number of businesses owned and managed by black people in South Africa.	Provide finance to black empowered business by investing in the form of loans, quasi-equity and equity finance through funds and funding products, targeting black rural enterprise, SMEs, corporate finance and venture capital.	Value of deals approved by Strategic Project Fund (R million)	2016/17	2017/18	2018/19	2019/20	2020/21
			R108 m	R37 m	R75 m	R95 m	R110 m
			R116 m	R37 m	R75 m	R95 m	R110 m
		Value of new Commitments by Strategic Project Fund (R million)					
		Value of Disbursements by Strategic Project Fund (R million)	R98 m	R34 m	R68 m	R87 m	R101 m

Quarterly milestones

Outcome	Output	Performance Indicator/measure	Baseline 2016/17	2018/19 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Increase the number of businesses owned and managed by black people in South Africa.	Provide finance to black empowered business by investing in the form of loans, quasi-equity and equity finance through funds and funding products, targeting black rural enterprise, SMEs, corporate finance and venture capital.	Value of deals approved by Strategic Projects Fund (R million)	R108 m	R75 m	R23 m	R45 m	R60 m	R75 m
		Value of new Commitments by Strategic Projects Fund (R million)	R116 m	R75 m	R23 m	R45 m	R60 m	R75 m
		Value of Disbursements by Strategic Projects Fund (R million)	R98 m	R68 m	R20 m	R41 m	R54 m	R68 m

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. We are therefore not in a position to provide the required cost split per programme.

14.3 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	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 • Suspensive Sale • Leasing 	<ul style="list-style-type: none"> • Structured loans • Equity instruments

	Franchise	Contract	Entrepreneurship
Amount	<ul style="list-style-type: none"> • R250k – R10m 	<ul style="list-style-type: none"> • R250k – R10m 	<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	Performance Indicator/measure	Audited Actual Performance	Estimated Performance (excl WEF contribution)	Medium Term Targets		
					2018/19	2019/20	2020/21
Increase the number of businesses owned and managed by black people in South Africa.	Provide finance to black empowered business by investing in the form of loans, quasi-equity and equity finance through funds and funding products, targeting black rural enterprise, SMEs, corporate finance and venture capital.	Value of deals approved by iMbewu Fund (R million)	2016/17	2017/18	2018/19	2019/20	2020/21
			R184 m	R116 m	R242 m	R308 m	R354 m
			R219 m	R152 m	R199 m	R240 m	R277 m
		Value of new Commitments by iMbewu Fund (R million)	R173 m	R123 m	R223 m	R265 m	R310 m
		Value of Disbursements by iMbewu Fund (R million)					

Quarterly milestones

Outcome	Output	Performance Indicator/measure	Baseline 2016/17	2018/19 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Increase the number of businesses owned and managed by black people in South Africa.	Provide finance to black empowered business by investing in the form of loans, quasi-equity and equity finance through funds and funding products, targeting black rural enterprise, SMEs, corporate finance and venture capital.	Value of deals approved by iMbewu Fund (R million)	R184 m	R242 m	R36 m	R94 m	R169 m	R242 m
		Value of new Commitments by iMbewu Fund (R million)	R219 m	R199 m	R28 m	R78 m	R137 m	R199 m
		Value of Disbursements by iMbewu Fund (R million)	R173 m	R223 m	R25 m	R87 m	R154 m	R223 m

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. We are therefore not in a position to provide the required cost split per programme.

14.4 Programme 4: Rural & Community Development Fund

Purpose of the programme

The Rural and Community Development Fund (RCDF) 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 RCDF 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.

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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 instrument	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	Performance Indicator/measure	Audited Actual Performance	Estimated Performance (excl WEF contribution)	Medium Term Targets		
					2016/17	2017/18	2018/19
Increase the number of businesses owned and managed by black people in South Africa.	Provide finance to black empowered business by investing in the form of loans, quasi-equity and equity finance through funds and funding products, targeting black rural enterprise, SMEs, corporate finance and, venture capital.	Value of deals approved by Rural and Community Development Fund (R million)	R278 m	R34 m	R106 m	R135 m	R155 m
		Value of new Commitments by Rural and Community Development Fund (R million)	R218 m	R49 m	R85 m	R104 m	R120 m
		Value of Disbursements by Rural and Community Development Fund (R million)	R75 m	R51 m	R93 m	R117 m	R137 m

Quarterly milestones

Outcome	Output	Performance Indicator/measure	Baseline 2016/17	2018/19 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Increase the number of businesses owned and managed by black people in South Africa.	Provide finance to black empowered business by investing in the form of loans, quasi-equity and equity finance through funds and funding products, targeting black rural enterprise, SMEs, corporate finance and venture capital.	Value of deals approved by Rural and Community Development Fund (R million)	R278 m	R106 m	R20 m	R80 m	R95 m	R106 m
					R10 m	R44 m	R74 m	R85 m
					R9 m	R45 m	R76 m	R93 m
		Value of new Commitments by Rural and Community Development Fund (R million)	R218 m	R85 m				
		Value of Disbursements by Rural and Community Development Fund (R million)	R75 m	R93 m				

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

Due to the way the NEF manages its business, most administrative and capital expenses are centralised. We are therefore not in a position to provide the required cost split per programme.

14.5 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	Performance Indicator/measure	Audited Actual Performance 2016/17	Estimated Performance 2017/18	Medium Term Targets		
					2018/19	2019/20	2020/21
Increase the number of businesses owned and managed by black people in South Africa.	Provide finance to black empowered business by investing in the form of loans, quasi-equity and equity finance through funds and funding products, targeting black rural enterprise, SMEs, corporate finance and venture capital.	Value of deals approved by Women Empowerment Fund (R million)	R210 m	R88 m	R261 m	R332 m	R382 m
		Value of new Commitments by Women Empowerment Fund (R million)	R255 m	R119 m	R210 m	R266 m	R306 m
		Value of Disbursements by Women Empowerment Fund (R million)	R202 m	R125 m	R229 m	R290 m	R340 m

Quarterly milestones

Outcome	Output	Performance Indicator/measure	Baseline 2016/17	2018/19 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Increase the number of businesses owned and managed by black people in South Africa.	Provide finance to black empowered business by investing in the form of loans, quasi-equity and equity finance through funds and funding products, targeting black rural enterprise, SMEs, corporate finance and venture capital.	Value of deals approved by Women Empowerment Fund (R million)	R210 m	R261 m	R50 m	R139 m	R207 m	R261 m
		Value of new Commitments by Women Empowerment Fund (R million)	R255 m	R210 m	R31 m	R96 m	R159 m	R210 m
		Value of Disbursements by Women Empowerment Fund (R million)	R202 m	R229 m	R27 m	R101 m	R168 m	R229 m

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. We are therefore not in a position to provide the required cost split per programme.

Strategic Objective:

**Black economic empowerment is advanced through
commercially sustainable enterprise.**

14.6 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 Fund Management Division faced a number of challenges in delivering on its Mandate. These challenges included:

- The number of applications received, of up to 100 per month.
- The quality of these applications, as evidenced by an approval ratio of less than 3% of applications received.
- The sophistication 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 assess and 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:

- Enhancing 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

Goal/ Outcome	Output	Performance Indicator/measure	Audited Actual Performance	Estimated Performance	Medium Term Targets		
					2018/19	2019/20	2020/21
Investments made by the NEF result in sustainable black-owned businesses.	The provision of non-financial support and training for black-owned businesses and entrepreneurs.	6.1. Number of Business Today Training sessions provided.	21 training sessions per year, with an average score of 73% required in the post-training assessment.	18 training sessions per year, with an average score of 60% required in the post-training assessment.	18 training sessions per year, with an average score of 60% required in the post-training assessment.	18 training sessions per year, with an average score of 60% required in the post-training assessment.	
		6.2. Number of entrepreneurs referred for business incubation; and number of entrepreneurs who successfully complete business incubation.	159 entrepreneurs referred for incubation; and 30 entrepreneurs in the final incubation stage.	75 entrepreneurs referred for incubation; and 15 entrepreneurs in the final incubation stage.	125 entrepreneurs referred for incubation; 20 entrepreneurs in the final incubation stage.	125 entrepreneurs referred for incubation; 25 entrepreneurs in the final incubation stage.	
		6.3. Number of Social Facilitation Sessions for NEF investees.	42 Social Facilitation sessions.	18 Social Facilitation Sessions.	36 Social Facilitation Sessions.	36 Social Facilitation Sessions.	

Quarterly milestones

Goal/Outcome	Output	Performance Indicator/measure	Baseline 2016/17	2018/19 Annual Target	Cumulative Quarterly Milestones			
					1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Investments made by the NEF result in sustainable black-owned businesses.	The provision of non-financial support and training for black-owned businesses and entrepreneurs.	Number of Business Today Training sessions provided.	21 training sessions per year, with an average score of 73% required in the post-training assessment.	18 training sessions per year, with an average score of 60% required in the post-training assessment.	5 training sessions with an average score of 60% required in post-training assessment.	10 training sessions with an average score of 60% required in post-training assessment.	15 training sessions with an average score of 60% required in post-training assessment.	18 training sessions with an average score of 60% required in post-training assessment.
		Number of entrepreneurs referred for business incubation; and number of entrepreneurs who successfully complete business incubation.	159 entrepreneurs referred for incubation; and 30 entrepreneurs in the final incubation stage.	Refer 125 entrepreneurs for incubation; 15 entrepreneurs in the final incubation stage.	Refer 50 entrepreneurs for incubation; and 2 entrepreneurs in the final incubation stage.	Refer 75 entrepreneurs for incubation; and 4 entrepreneurs in the final incubation stage.	Refer 100 entrepreneurs for incubation; and 7 entrepreneurs in the final incubation stage.	Refer 125 entrepreneurs for incubation; and 15 entrepreneurs in the final incubation stage.
		Number of Social Facilitation Sessions for NEF investees.	42 Social Facilitation sessions.	36 Social Facilitation Sessions.	10 Social Facilitation Sessions.	20 Social Facilitation Sessions.	30 Social Facilitation Sessions.	36 Social Facilitation Sessions.

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. We are therefore not in a position to provide the required cost split per programme.

Strategic Objective:
Encourage & promote savings, investment & meaningful economic participation by black people.

14.7 Programme 7: Asset Management (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

Goal/ Outcome	Output	Performance Indicator/measure	Audited Actual Performance	Estimated Performance	Medium Term Targets		
					2018/19	2019/20	2020/21
Increased understanding of equity ownership among black people and increased activity in savings and investments by black people.	Conduct investor education seminars in provincial towns and increase understanding by participants.	Number of seminars held across the country.	2016/17 48 Sessions completed, (made up of 39 seminars and 9 Industrial Theatre performances).	2017/18 32 Investor Education seminars per year.	2018/19 45 Investor Education seminars per year.	2019/20 45 Investor Education seminars per year.	2020/21 45 Investor Education seminars per year.

Quarterly milestones

Goal/Outcome	Output	Performance Indicator/measure	Baseline 2016/17	2018/19 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Increased understanding of equity ownership among black people and increased activity in savings and investments by black people.	Conduct investor education seminars in provincial towns and increase understanding by participants.	Number of seminars held across the country.	48 Sessions completed, (made up of 39 seminars and 9 Industrial Theatre performances).	45 Investor Education seminars per year	11 Investor Education seminars.	23 Investor Education seminars.	34 Investor Education seminars.	45 Investor Education seminars.

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. We are therefore not in a position to provide the required cost split per programme.

15. Performance Plan Matrices

15.1 Consolidated Performance Plan Matrix 2018/19 – 21

Strategic Objective	Outcome	Output	Performance Indicator/ Measure by Funding Programme	Performance as at 31 March 2017	2017/18	2018/19	2019/20	2020/21
ADVANCING BBBEE								
1. Provide finance to business ventures established and managed by black people.	Increase the number of businesses owned and managed by black people in South Africa.	Provide finance to black empowered business by investing in the form of loans, quasi-equity and equity finance through funds and funding products, targeting black rural enterprise, SMIEs, corporate finance and venture capital.	1.1. Value of deals approved by the NEF (R million)	R1 067 million	R350 million	R1 046 million	R1 331million	R1 531 million
			1.2. Value of new Commitments (R million)	R982 million	R475 million	R 839 million	R1 065 million	R1 225 million
			1.3. Value of Disbursements (R million)	R699 million	R500 million	R915 million	R1 165 million	R1 363 million

Strategic Objective	Outcome	Output	Performance Indicator/ Measure by Funding Programme	Performance as at 31 March 2017	2017/18	2018/19	2019/20	2020/21
MAXIMISING THE EMPOWERMENT DIVIDEND								
2. Invest in black empowered businesses that have high employment creating opportunities.	The significant creation and support of new and existing job opportunities.	Source investment opportunities for the Funding Programmes that focus on the creation of new employment opportunities.	2.1. Number of job opportunities expected to be supported or created.	Support 5 069 (of which 2 841 are new)	Support 3 077 new or existing job opportunities.	Support 5 630 new or existing job opportunities	Support 7 169 new or existing job opportunities.	Support 8 388 new or existing job opportunities.
3. Support the participation of black women in the economy.	Increased number of businesses owned and managed by black women	Source investment opportunities for the Funding Programmes that are owned and managed by black women.	3.1. Percentage of portfolio disbursed owned by black women.	34% (on annual disbursements).	40% (on annual disbursements)	40% (on annual disbursements).	40% (on annual disbursements).	40% (on annual disbursements).

National Empowerment Fund

Strategic Objective	Outcome	Output	Performance Indicator/ Measure by Funding Programme	Performance as at 31 March 2017	2017/18	2018/19	2019/20	2020/21
4. Facilitate investment across all provinces in South Africa.	Increase the overall collective value of the portfolio invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.	Increased share of portfolio in under-represented provinces	4.1. 25% of disbursement to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.	Year-to-date, a total of 40 deals worth R224 m is invested as follows: NC: 2 worth R7 m FS: 6 worth R15 m LP: 9 worth R56 m MP: 9 worth R21 m NW:8 worth R105 m EC: 6 worth R21 m This represents 32% of annual disbursements.	25% of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.	25% of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.	25% of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.	25% of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.
OPTIMISING NON-FINANCIAL SUPPORT								
5. Encourage & promote savings, investment & meaningful economic participation by black people	Increased understanding of equity ownership among black people and increased activity in savings and investments by black people.	Conduct investor education seminars in provincial towns and increase understanding by participants.	5.1. Number of seminars held across the country.	48 Sessions completed, (made up of 39 seminars and 9 Industrial Theatre performances).	32 Investor Education seminars per year.	45 Investor Education seminars per year.	45 Investor Education seminars per year.	45 Investor Education seminars per year.

National Empowerment Fund

Strategic Objective	Outcome	Output	Performance Indicator/ Measure by Funding Programme	Performance as at 31 March 2017	2017/18	2018/19	2019/20	2020/21
6. Black economic empowerment is advanced through commercially sustainable enterprise.	Investments made by the NEF result in sustainable black-owned businesses.	The provision of non-financial support and training for black-owned businesses and entrepreneurs.	6.1. Number of Business Today Training sessions provided.	A total of 21 training sessions have been conducted, with an average score of 73%.	18 training sessions per year, with an average score of 60% required in the post-training assessment.	18 training sessions per year, with an average score of 60% required in the post-training assessment.	18 training sessions per year, with an average score of 60% required in the post-training assessment.	18 training sessions per year, with an average score of 60% required in the post-training assessment.
			6.2. Number of entrepreneurs referred for business incubation; and number of entrepreneurs who successfully complete business incubation.	Referred 159 entrepreneurs for incubation; and 30 entrepreneurs have made the final stage of incubation.	Refer 75 entrepreneurs for incubation; and 15 entrepreneurs in the final incubation stage.	Refer 125 entrepreneurs for incubation; and 15 entrepreneurs in the final incubation stage.	Refer 125 entrepreneurs for incubation; and 20 entrepreneurs in the final incubation stage.	Refer 125 entrepreneurs for incubation; and 25 entrepreneurs in the final incubation stage.
			6.3. Number of Social Facilitation sessions for NEF investees.	42 Social Facilitation sessions.	18 Social Facilitation sessions.	36 Social Facilitation sessions.	36 Social Facilitation sessions.	36 Social Facilitation sessions.

Strategic Objective	Outcome	Output	Performance Indicator/ Measure by Funding Programme	Performance as at 31 March 2017	2017/18	2018/19	2019/20	2020/21
7. Establish the NEF in the South African economy as a credible and meaningful development finance institution.	Increase the utilisation of the NEF's services and financing products.	Increase positive brand awareness of the NEF.	7.1. Brand audit survey findings.	Brand awareness at 86%	N/A Survey performed every second year.	Increase brand awareness to 90%	N/A Survey performed every second year.	Maintain brand awareness at 90%
FINANCIAL EFFICIENCY & SUSTAINABILITY								
8. Establish the NEF as a sustainable DFI.	Invest in transactions that have a high level of success and minimise business failures.	Obtain an overall real return on fund investments through equity returns, interest on loans and interest on cash balances with minimised impairments and write-offs.	8.1. Percentage of portfolio impaired.	17.55%	18%	18%	18%	18%
			8.2. Target ROI before impairments (to be reviewed annually).	7.8%	9% - 10%	9% - 10%	9% - 10%	9% - 10%
			8.3. Collection ratio.	101.79%	80%	80%	80%	80%

15.2 Performance Plan Matrix – Quarterly Milestones 2018/9

Targets for 2018/19 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.

Strategic Objective	Performance Indicator/ Measure by Funding Programme	Performance as at 31 March 2017	2017/18	2018/19	Cumulative Quarterly Milestones			
					1st	2nd	3rd	4th
ADVANCING BBBEE								
1. Provide finance to business ventures established and managed by black people.	1.1. Value of deals approved by the NEF (R million)	R1 067 million	R350 million	R1 046 million	R165 million	R498 million	R809 million	R1 046 million
	1.2. Value of new Commitments (R million)	R982 million	R475 million	R 839 million	R111 million	R344 million	R612million	R839 million
	1.3. Value of Disbursements (R million)	R699 million	R500 million	R915 million	R81 million	R349 million	R646 million	R915 million

Strategic Objective	Performance Indicator/ Measure by Funding Programme	Performance as at 31 March 2017	2017/18	2018/19	Cumulative Quarterly Milestones			
					1st	2nd	3rd	4th
MAXIMISING THE EMPOWERMENT DIVIDEND								
2. Invest in black empowered businesses that have high employment creating opportunities.	2.1. Number of job opportunities expected to be supported or created.	Support 5 069 (of which 2 841 are new).	Support 3 077 new or existing job opportunities.	Support 5 630 new or existing job opportunities.	Support 498 new or existing job opportunities.	Support 2 148 new or existing job opportunities.	Support 3 975 new or existing job opportunities.	Support 5 630 new or existing job opportunities.
3. Support the participation of black women in the economy.	3.1. Percentage of portfolio disbursed owned by black women.	34% (on annual disbursements)	40% (on annual disbursements)	40% (on annual disbursements)	40% (on disbursements)	40% (on disbursements)	40% (on disbursements)	40% (on annual disbursements)
4. Facilitate investment across all provinces in South Africa.	4.1. 25% of disbursement to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.	Year-to-date, a total of 40 deals worth R224 m is invested as follows: NC: 2 worth R7 m FS: 6 worth R15 m LP: 9 worth R56 m MP: 9 worth R21 m NW: 8 worth R105 m EC: 6 worth R21 m This represents 32% of annual disbursements.	25% of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.	25% of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.	25% of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.	25% of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.	25% of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.	25% of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West.

National Empowerment Fund

Strategic Objective	Performance Indicator/ Measure by Funding Programme	Performance as at 31 March 2017	2017/18	2018/19	Cumulative Quarterly Milestones			
					1st	2nd	3rd	4th
OPTIMISING NON-FINANCIAL SUPPORT								
5. Encourage & promote savings, investment & meaningful economic participation by black people	5.1. Number of seminars held across the country.	48 Sessions completed, (made up of 39 seminars and 9 Industrial Theatre performances)	32 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
6. Black economic empowerment is advanced through commercially sustainable enterprise.	6.1. Number of Business Today Training sessions provided.	A total of 21 training sessions have been conducted, with an average score of 73%	18 training sessions per year, with an average score of 60% required in the post-training assessment	18 training sessions per year, with an average score of 60% required in the post-training assessment	5 training sessions	10 training sessions	15 training sessions	18 training sessions
	6.2. Number of entrepreneurs referred for business incubation; and number of entrepreneurs who successfully complete business incubation.	Referred 159 entrepreneurs for incubation; and 30 entrepreneurs have made the final stage of incubation	Refer 75 entrepreneurs for incubation; and 15 entrepreneurs in the final incubation stage.	Refer 125 entrepreneurs for incubation; and 15 entrepreneurs in the final incubation stage.	Refer 50 entrepreneurs for incubation; and 2 entrepreneurs in the final incubation stage.	Refer 75 entrepreneurs for incubation; and 4 entrepreneurs in the final incubation stage.	Refer 100 entrepreneurs for incubation; and 7 entrepreneurs in the final incubation stage.	Refer 125 entrepreneurs for incubation; and 15 entrepreneurs in the final incubation stage.

Strategic Objective	Performance Indicator/ Measure by Funding Programme	Performance as at 31 March 2017	2017/18	2018/19	Cumulative Quarterly Milestones			
					1st	2nd	3rd	4th
	6.3. Number of Social Facilitation sessions for NEF investees.	42 Social Facilitation sessions	18 Social Facilitation sessions	36 Social Facilitation sessions	10 Social Facilitation sessions	20 Social Facilitation sessions	30 Social Facilitation sessions	36 Social Facilitation sessions
7. Establish the NEF in the South African economy as a credible and meaningful development finance institution.	7.1. Brand audit survey findings.	Brand awareness at 86%	N/A Survey performed every second year	Increase brand awareness to 90%	N/A	N/A	N/A	Increase brand awareness to 90%
FINANCIAL EFFICIENCY & SUSTAINABILITY								
8. Establish the NEF as a sustainable DFI.	8.1. Percentage of portfolio impaired.	17.55%	18%	18%	18%	18%	18%	18%
	8.2. Target ROI before impairments (to be reviewed annually).	7.8%	9% - 10%	9% - 10%	9% - 10%	9% - 10%	9% - 10%	9% - 10%
	8.3. Collection ratio.	101.79%	80%	80%	80%	80%	80%	80%

Part C: Link to Other Plans

16. Human Capital Plan

The Human Resources (HR) department plays a critical role in supporting the business strategy in that HR 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 will through various means, ensure that all its stakeholders are actively engaged and contribute to the refinement of its service offering and thus positioning the NEF for success in discharging 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 will ensure that key and top talent is retained at the NEF; and
- Ensuring that exceptional performance 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 and ensures that its employees 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 its staff well-being is taken care of and has employee friendly HR policies;
- Provides an enabling environment for its employees to thrive in their jobs.

As indicated in section 1, the NEF has, despite operating with limited human capital in the last four years, managed to meet and sometimes 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 unleashed as operating processes are already established and tested to allow even higher achievements.

Ideally the NEF should operate with at least 195 personnel, but has on average been operating with only 160 people on average each year. The current financial projections, whilst assuming adequate financial resources will be made available for funding activities has cautiously projected at getting the headcount to only 175 through the strategic period.

To ensure that the relevant skills are retained and continue to be attracted, the NEF has short term and long term incentive schemes. The cost implication of the human capital plan are reflected in Appendix A.

17. Asset Management Plan

The NEF is currently engaged in a recapitalisation exercise with its Shareholder Ministry, Government and other relevant stakeholders. One of the aims of this engagement is securing the transfer of equity in other state owned entities to the NEF. These are entities in which the NEF was allocated shares by the Government but the shares were never actually transferred to the NEF (e.g. Safcol). We have requested intervention by our Shareholder Ministry in our quest to secure the transfer of the equity to the NEF.

The NEF has been allocated equity in state owned or previously state owned entities which were subsequently privatised as part of the initial capitalisation of the NEF. To date, the NEF received shares in MTN (1.5%), Connex Travel (now trading as BCD Travel) (10%), Ithuba (15%) and Gidani (10%). The plan of the NEF is to retain such equity and where possible, participate in board, shareholder and other structures of such entities in order to ensure that the interests of the NEF in such assets are looked after. From time to time, the NEF will create opportunities for Black People to acquire interests in entities by making some of the equity held in various entities available to them through retail BEE offers similar to the Asonge Retail Share Scheme. This will be done once the NEF believes that sufficient value has been created in the assets and that it will make commercial sense to introduce such offers in the market. This will be determined by the market conditions, position and performance of the relevant business.

From time to time, The NEF acquires equity in investee companies as part of its equity funding instruments. The Post Investment Unit manages those assets as part of the Post Investment Monitoring function of the NEF. The NEF has a Portfolio Management Committee which sits monthly to consider reports on such investments and makes recommendations on plans to maintain, enhance or dispose of the assets and the same committee regularly monitors progress on implementation of such plans.

18. Information Technology Plan

The purpose of Information Systems and Technology (IST) at the National Empowerment Fund (NEF) is to strategically improve, maintain and align information systems' capabilities and strategies with NEF's organisational strategy.

The NEF is using the Master System Plan under the guidance of its governing structures to identify and prioritize key IT projects for implementation over the next three years. Implementation plans per IT project consider funding, risks, deliverables, resource and scope.

NEF's IST Strategy is comprised of two key focus areas: Infrastructure and Applications. A strong foundation for information technology is critical and we will continue focusing on governance, risk management, security, and flexibility to forge our success.

The Master Systems Plan includes IT initiatives that are prioritised through the IST Steering Committee to achieve IT- Business- Alignment. These IT initiatives will be implemented over three years through allocation of funds and shall be monitored by the IST Steering Committee.

18.1 The IST Strategic principles

The NEF has formally adopted the COBIT Framework with the aim of standardising our development, implementation, monitoring and improving IT governance and management practices. Six IST Strategic principles to guide the use of IT within the organisation have been identified, together with the benefits associated with working in accordance with these principles:-

Standardised, repeatable and reliable service delivery processes

IST service provision should follow standardised, documented procedures, which will provide for a stable support environment, which complies with good governance requirements.

Managing information as an asset

NEF's projects depend on its need to manage information as a corporate asset. Technology is not to be employed as an end in itself, but rather to enable the extraction of greater value from information. Applications and infrastructure need to be secured against both internal and external unauthorised attempts to access and tamper with information.

Utilizing IST architecture as a basis for effective management of IST

Standardisation and scalability considerations must determine technology acquisitions, in order to ensure that the acquisition of new technology enables effective use of existing compatible IST assets.

Ensuring the integrity of data, applications and infrastructure

Improve IT solutions integration with minimal IT Infrastructure redundancy.

Developing IST competency in end users and IST support staff

Capacity development of both internal IST end users and IST support staff in terms of their effective utilisation and management of IST environment contributes towards staff confidence and plays a role in creating a high performing team culture.

Developing flexible, collaborative and interoperable systems

The purchase, implementation and development of interoperable, flexible and proven systems are necessary to facilitate effective utilisation of ever changing technology.

Collaborative systems enable more effective harnessing of the collective abilities of NEF's human resources, whilst also contributing to capacity building, through exposure to the knowledge, skills and approach to working of other team members.

18.2 Emerging Trends

A Master Systems Plan is largely influenced by emerging trends in the technology space and must therefore keep 'in touch' with external market trends. This presents a challenge for an organisation like NEF because advances in technology continue to outpace the ability of most organisations to adjust their processes to take advantage of new technologies. Thus it is important for NEF to continue to explore and be aware of emerging technology trends that can be leveraged to improve service to the NEF. The NEF has identified the following emerging technologies as focal points of this Master Systems Plan:

Cloud – based technologies

The external climate of physical risk needs to be planned for as the NEF relies on its information systems. The NEF will explore this emerging technology trend to lower infrastructure overhead costs by reducing the need for onsite infrastructure. Cloud technologies can provide offsite redundancy to provide backup in the event that NEF's data centre is unavailable.

Cloud technologies are still in early stages of development and may pose security and up-time risks. Majority of these cloud technologies are hosted outside the borders of South Africa. It is important that the NEF understand how the POPI and the imminent Cybercrimes and Cybersecurity Bill will have an impact on how South African organisations store and use data. The NEF already has successfully piloted a cloud functionality. A key development with Microsoft is that the giant IT Company announced in May 2017 that they will open cloud data centres in Johannesburg and Cape Town, offering Azure, Office 365 and Dynamics 365 from 2018. It is the first international vendor to commit to building its own data facilities in South Africa.

The NEF needs to be diligent in selectively choosing cloud –based technologies that are appropriate based on their level of stability and security for both now and in the future.

Mobile Device Management

The staff complement of the NEF is a mobile workforce and requires ‘anywhere, anytime’ access to information. The use of mobile devices such as smartphones and tablets is anticipated to grow, especially to demand integration into NEF’s infrastructure and applications. With this growth and complexity; controlling access to sensitive and confidential data will require increased attention to security. An IT Security Policy was approved in February 2017, and it also covers mobile security. The IST Department has recently procured a tool that will enhance management of IT security across mobile devices and the application platforms (i.e. blocking of unauthorized software on NEF-owned devices, automated patch management to hardware).

Information Security

Continued rapid development of information systems, globalisation, and increase in data volumes impact on data networks. The main threat of cybercrime and its growth is reflected by the significant development of hackers’ skills. Information security addresses an organisation’s need to minimise risks from external and internal threats by protecting the IT infrastructure, applications and data, and by minimising vulnerabilities that enable attacks. The focus on information security for the NEF over the next three years will be to intensify its cybersecurity effort.

Unified Communications

Unified communications will enable the NEF to remotely communicate to and from virtually any location. This emerging technology can improve flexibility by co-existing with mobile

devices. New management tools will have to be explored to monitor the network to ensure the performance and availability of the network is optimal. As voice, video, inter-branch calling and data merge into 'unified communications', the NEF's network will need upgrading to provide the necessary services supporting this emerging technology.

Big Data

Big data is making a massive difference in how organisation's are gaining insights into their stakeholders and fast tracking business decisions. The NEF will be able to improve on its data management once the Business Intelligence reporting initiative is implemented.

19. Risk Management and Fraud Prevention Plan

19.1 Risk Management Process

Risk Management Framework

The NEF's Risk Management Framework is based on 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 is currently being benchmarked to the updated COSO Framework that was issued during September 2017.

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 to identify any emerging risks and track progress.

Risk Strategy (Risk Register)

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

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

Without an injection of new capital in the next few months, the NEF will run out of capital to finance new transactions going forward. 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.

The NEF has obtained approval by the shareholder ministry to become an Arms-length subsidiary of the IDC. The implementation of the business combination process has commenced with work being done in various areas. The delay in receiving interim funding will however negatively impact on the NEF funding new transaction. Various initiatives are underway regarding resolving the issue relating to the recapitalisation of the NEF. Engagements are being held with stakeholder as well as other public entities such as IDC and PIC to secure funding for the NEF. NEF is also undertaking fundraising initiatives for the Strategic Projects Fund transactions.

2. Credit Risk: The risk of exposure to high credit risk investments and poor quality of the invested portfolio

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 current tough economic climate that may impact on funded businesses and their cash flows leading to the inability to honour loan repayments and possible defaults on loans to the NEF. Due to the high risk mandate of the NEF, this risk is rated as one of critical exposures facing the NEF.

Internally, the risk that the assessment processes of the NEF may not be able to inform appropriate investment decisions does exist, as does the risk of not collecting on amounts due and not being able to timeously identify distressed investments which may be able to be rescued. The risk of funding the wrong “jockey’s” 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 which include 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 Risk Division.
- Credit collection process managed by collaboration between the Post Investment Unit and the Finance Division.
- Adequate turnaround workout and restructuring process.

3. 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 of in an economic environment, fluctuations in commodity prices and foreign exchange rates amongst other variables. The current volatile local economic environment has led to significantly lower GDP growth rates. In addition household personal finances are under financial strain due to an increase in living costs. This is negatively impacting on business conditions and has placed strain on some of the clients in the portfolio.

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

In evaluating transactions, market conditions are considered, due diligence investigations, modelling and structuring 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.

4. People Risk

The risk that the NEF does not have adequate capacity and skills to deliver on its mandate as well as the risk of staff not performing per expectations. The NEF has an established human resource function that has processes to ensure that staff with relevant skills are recruited. The NEF also has a performance management process in place to ensure that staff performance is managed. There is a risk of loss of key personnel due to the uncertainty regarding the outcome of the recapitalisation process. There has recently been an increase in resignations at management and professional level.

Management and the Board are however currently limited on implementing viable retention strategies due to lack of adequate resources.

5. Sustainability Risk: The risk that the NEF will not be financially sustainable due to erosion of the capital base and the NEF not having adequate capital to fund planned programs and meet medium term cash requirements.

The NEF has not been receiving capital via the budget process and is required to sustain itself over the strategic planning period (three years) out of current capital and internally generated portfolio returns.

This risk will materialise should the current capital not be prudently managed and the investment portfolio becomes significantly impaired in the absence of future funding being allocated to the NEF or the NEF not being able to source additional capital.

The NEF is currently running out funds to approve transactions for the year. The level of approvals are being closely monitored to ensure that transactions are not approved for which there is no available cash. Should bridging finance not be obtained in the short term, the NEF runs a risk of having to freeze funding on new applications due to cash limitations. This will have a negative impact of the reputation of the NEF and may also lead to staff resignations.

The current funding instruments (i.e. Equity, Shareholders loans etc.) used to structure transactions and the use of moratoriums is also negatively impacting on the NEF's cash-flows. The actions implemented to mitigate against the recapitalisation and sustainability risks include:

- Close monitoring of unencumbered cash and regularly performing going-concern cash analysis.
- Close monitoring of the portfolio by the Post Investments Unit in collaboration with the Finance Division.
- Intervention by the Restructure and Turnaround Unit for businesses that are in distress.
- Focussing on exiting transactions wherever possible.
- Engagements with **the dti** and National Treasury regarding funding requirements.
- Engagements with various Public entities such as IDC, PIC etc. to secure interim funding to enable the NEF to continue with its activities.

6. Mandate Risk

The mandate of the NEF is clearly set out within the NEF Act. The risk does however exist that in executing the mandate, the NEF does not achieve the desired impact in advancing B-BBEE.

This risk is mitigated through the development of funding strategies and products which are in constant development to address market failures and acceleration of the execution of the mandate. An example is a strategy referred to as the SME strategy where high volume and low value applications in the form of franchise, contact and bridging facilities. In addition, a credit committee has been established to approve the SME strategy loan applications as a rapid loan approval solution.

Furthermore, transactions are currently being assessed against a measure of impact termed the NEF Empowerment Dividend. The NEF Empowerment Dividend leads to a discount in the pricing of the transactions to encourage entrepreneurs to consider ventures with opportunities of high employment, women empowerment and across all South African provinces.

Inability to secure future funding will negatively impact on the ability of the NEF to implement its mandate. Various actions, as indicated in item 1 above, are being implemented to deal with the future funding requirements of the NEF.

19.2 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 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

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 measure 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.

20. Subsidiaries

20.1 National Empowerment Fund Corporation (SOC) Ltd

In 2002, the NEF established an entity in which it has 100% interest. The NEF has obtained permission from the National Treasury under section 54 of the PFMA that the Trust may utilise this entity in any of its future Asset Management retail activities. This company remained dormant since inception until the 2014/15 financial year when a strategic acquisition of the land and property on which Goseame business is conducted was facilitated through the provision of a long term loan granted by the NEF. The transfer of the property has been finalised and lease income being received from the tenant.

20.2 Zastrovect Investment (Pty) Ltd

At times the NEF exercises pledges and cessions of shares in securities which were obtained as part of the security package from investees at initial approval and funding. This happens in instances where there are unresolved defaults by investees. In such instances the NEF becomes a de facto shareholder in the place of such defaulting shareholders of the investee companies. The intention in such instances is that the NEF holds the equity whilst a suitable third party entity is being identified to acquire the shares and possibly take over the operational control of the business. If required the NEF will also implement turnaround measures during this time to remedy any operational, financial, governance or other issues that may have led to the underperformance and default.

A case in point is a Zastrovect Investment Proprietary Limited (trading as Goseame Fresh Produce Market) which is located on Polokwane. In this instance, the NEF has acquired 100% equity in the business and obtained approval from National Treasury on 18 August 2014 to do so as required by section 54 of the PFMA. The NEF has been implementing a turnaround plan for the business to deal with areas that were mismanaged by the managing shareholders and to restore value for the business.

The NEF was further granted a section 92 exemption for this entity to be PFMA compliant. The NEF has applied for an extension on the section 92 exception granted as it still pursues an exit strategy for this investment.

20.3 Delswa

In April 2013, the NEF invested in Delswa, a textile manufacturing entity in the Northern Cape, regrettably in December 2013 the business went into financial distress. The challenges the entity faced were due to various reasons which included working capital management mainly

caused by ineffective decisions made by management. The NEF exercised its rights in terms of the shareholder agreement and stepped in to run the company since January 2016 in an effort to stabilise the business and save the jobs that were at risk, especially in one of the most impoverished part of our country. In July 2016, the Minister of Finance granted a section 92 PFMA compliance exemption of this entity for a period of 3 years. The NEF is however in advanced stages of negotiating an exit from this investment.

21. Service Delivery Improvement Plan

The NEF's Pre-Investment Unit (PIU) and Regional Offices have always sought to find creative ways to improve customer experience in relation to Product Advisory and Applications Administration services. To this end, a number of support technologies are in the process of being acquired, such as the call centre telephone system that will monitor client calls. Furthermore, a process is underway to merge the Pre-Investment function that is responsible for screening and assessing applications into the funds. By deploying relevant Pre-Investment staff to the various funds for an integrated deal assessment process the NEF aims to enhance application screening capabilities and processes. Pre-Investment activities will then focus on product advisory and entrepreneurial training.

The NEF has concluded the Business Process Re-engineering (BPR) documentation exercise to improve end-to-end customer experience. The next step is to automate these processes onto relevant systems. This will ensure that the turnaround times for applications that go through the front-end to the Funds are further reduced. For instance, the application process from receipt to screening decision has been reduced from three weeks to about half of that time, which is in line with the previous target of ten days. There is therefore still room for further improvement and it is envisaged that the BPR exercise will make this goal achievable once it has been finalised and implemented. The BPR process is an organisation-wide initiative that will link processes across all the departments and hence allow NEF to provide seamless customer service.

Some of the initiatives within the PIU that have been undertaken and implemented, with specific measurements for the current and next three financial periods are:

- The waiting times in our walk-in centres is still deemed reasonable, however, with the increasing demand for product advisory services, we have identified interventions which are aimed at improving this and telephony services as mentioned above:
 - Customer feedback sheets at all service centres.
 - Integrated telephone system between Pre-Investment and the Regional Offices. These are aimed at ensuring increased efficiencies in the use of resources and further improve telephone response times.
 - An NEF owned online business planning tool, has been rolled out and is being enhanced in phases. The aim of the tool is to assist applicants in building a business plan through a series of questions they will be required to respond to when they access the application.

- A complaints register is maintained on all complaints received. We are also in the process of linking the complaints register to the IT platform within the CRM system. Any complaints that are emailed will automatically be logged onto CRM. This will ensure that the complaints and relevant responses are easily monitored by more than one person. We aim to provide responses to complaints within 12 hours of receipt. Most of the complaints relate to declined applications, and to a large extent these cannot be entirely avoided. We have, however, ensured that the decision letters provide as much detail as possible in an endeavour to provide clarity, specifically in relation to decline decisions.
- The PIU team also engages in Business Development activities, primarily in outlying areas. We have observed an increase in the number of enquiries and application activities from Provinces which were previously relatively dormant. Additionally, these sessions are instrumental in ensuring that our targeted clients are aware of all the service touch points and gain access to relevant information on the NEF's funding and non-funding solutions.

22. Indicator Profiles

Performance Indicator 1.1: Value of deals approved by the NEF

1. Indicator title	Value of deals approved by the NEF
2. Short definition	Total value of deals approved by the NEF
3. Purpose/importance	Indicates the level of financial support approved by the NEF's investment committees
4. Source/collection of data	Funds; CRM system
5. Lead/ coordinating agency	Funds
6. Method of calculation	The information is captured on the CRM information. The final values and reports are reviewed and signed off by Fund Managers and Divisional Executives
7. Calculation type	Cumulative – for the year
8. Baseline (for the year ended 31 March 2017)	R1 067 million
9. Data limitations	Reflects the total value of funds committed by the NEF to investees. In some instances, deals may not make it to actual funding stages due to negotiations, conditions precedent not being met or lapsed facilities.
10. Quality assurance strategy	Review by Fund, Finance department and Strategy & Planning unit
11. Indicator responsibility	Fund Managers

Performance Indicator 1.2: Value of Commitments

1. Indicator title	Value of Commitments made by the NEF
2. Short definition	Total value of Commitments
3. Purpose/importance	Indicates the total cash which the NEF has agreed to advance to investees in legal agreements signed
4. Source/collection of data	Legal department
5. Lead/ coordinating agency	Funds
6. Method of calculation	The information is collated by the Legal Department and signed off by the Legal Manager
7. Calculation type	Cumulative – for the year
8. Baseline (for the year ended 31 March 2017)	R982 million
9. Data limitations	No known limitations.
10. Quality assurance strategy	Submitted and reviewed by the Legal Department
11. Indicator responsibility	Legal Manager

Performance Indicator 1.3: Value of Disbursements

1. Indicator title	Value of Disbursement made by the NEF
2. Short definition	Disbursements
3. Purpose/importance	Indicates the total cash which the NEF has advanced to investees
4. Source/collection of data	Finance department; Funds
5. Lead/ coordinating agency	Funds
6. Method of calculation	The information is recorded by the Funds and Finance department as part of the financial management processes
7. Calculation type	Cumulative – for the year
8. Baseline (for the year ended 31 March 2017)	R699 million
9. Data limitations	No known limitations.
10. Quality assurance strategy	Review by Funds and Finance department
11. Indicator responsibility	Finance Manager

Performance Indicator 2.1: Number of job opportunities supported or created

1. Indicator title	Number of job opportunities supported or created
2. Short definition	Number of job opportunities supported
3. Purpose/importance	Reflects the approximate number of job opportunities supported i.e. new and existing job opportunities, according to funds committed to investees by the NEF
4. Source/collection of data	Funds
5. Lead/ coordinating agency	Funds
6. Method of calculation	The information is captured on the CRM information. The final values and reports are reviewed and signed off by Fund Managers and Divisional Executives
7. Calculation type	Cumulative – for the year
8. Baseline (for the year ended 31 March 2017)	Funding disbursed are projected to support 5 069 job opportunities (2 841 of which are new)
9. Data limitations	Job opportunities are recorded during due diligence phase and actual number of job opportunities supported may vary depending on business requirements post the disbursement process
10. Quality assurance strategy	Review by Fund Managers
11. Indicator responsibility	Fund Managers

Performance Indicator 3.1: Percentage of annual disbursements owned by black women.

1. Indicator title	Percentage of annual disbursements owned by black women
2. Short definition	Percentage of the portfolio disbursed in a year owned by black women
3. Purpose/importance	To maximise the participation of black women in the economy
4. Source/collection of data	Funds
5. Funds	Funds
6. Method of calculation	The information is captured by the Funds and stored on the CRM system
7. Calculation type	Based on annual disbursements
8. Baseline (for the year ended 31 March 2017)	34%
9. Data limitations	This represents value of the portfolio disbursed that is owned by women
10. Quality assurance strategy	The information is checked and submitted by the Funds onto CRM
11. Indicator responsibility	Funds

Performance Indicator 4.1: 25% of disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West

1. Indicator title	Percentage of annual disbursements to be invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West
2. Short definition	Increase portfolio size in under-represented provinces
3. Purpose/importance	To facilitate investment across all provinces of South Africa
4. Source/collection of data	Fund managers
5. Lead/ coordinating agency	Funds
6. Method of calculation	Provincial data is captured and stored on the CRM system which can be tracked per fund and for the NEF.
7. Calculation type	Cumulative
8. Baseline (for the year ended 31 March 2017)	A total of 40 deals worth R224 million was invested in Northern Cape, Free State, Limpopo, Mpumalanga, Eastern Cape and North-West. This represents 32% of disbursements made in the year
9. Data limitations	None
10. Quality assurance strategy	Information is captured and verified by funds.
11. Indicator responsibility	Fund Managers

Performance Indicator 5.1: Number of investor education seminars held across the country

1. Indicator title	Number of investor education seminars held across the country
2. Short definition	Number of seminars held
3. Purpose/importance	To increase the understanding of equity ownership among black people and increased activity in savings and investment by black people
4. Source/collection of data	SEDU
5. Lead/ coordinating agency	SEDU
6. Method of calculation	Total number of seminars held per province. Record is kept of the seminars held and this is reported on by the Project Manager
7. Calculation type	Cumulative – for the year
8. Baseline (for the year ended 31 March 2017)	48 Sessions completed, (made up of 39 seminars and 9 Industrial Theatre performances)
9. Data limitations	No specific limitations
10. Quality assurance strategy	Seminars are managed and attended by NEF. The number of seminars and the number of attendees are counted
11. Indicator responsibility	Asset Management Project Manager

Performance Indicator 6.1: Number of Business Today Training Sessions provided

1. Indicator title	Providing Business Skills (Business Today and Bootcamp) Training
2. Short definition	Business Skills Training
3. Purpose/importance	Provision of training to black-owned businesses and entrepreneurs
4. Source/collection of data	Pre-Investment Unit
5. Lead/ coordinating agency	Pre-Investment Unit
6. Method of calculation	A record is kept of the training sessions held together with the towns in which training hosted
7. Calculation type	Cumulative – for the year
8. Baseline (for the year ended 31 March 2017)	A total of 21 training sessions have been conducted, with an average score of 73%
9. Data limitations	No specific limitations
10. Quality assurance strategy	A record is kept of the training sessions held together with the towns in which training hosted. This can be verified by Supply Chain and Finance department, based on orders and invoices raised.
11. Indicator responsibility	Pre-Investment Unit Manager

Performance Indicator 6.2: 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. Short definition	Business Incubation
3. Purpose/importance	Focus on tracking progress of those referred to the business incubation programmes
4. Source/collection of data	Pre-Investment Unit
5. Lead/ coordinating agency	Pre-Investment Unit
6. Method of calculation	Count of the number of entrepreneurs who have been referred for business incubation; and those who have reached the final stage of the Incubation Programme
7. Calculation type	Cumulative – for the year
8. Baseline (for the year ended 31 March 2017)	159 entrepreneurs referred for business incubation; and 30 entrepreneurs have made it to the final incubation stage.
9. Data limitations	The NEF has in the last year focused on counting the number of business that successfully make it to the final incubation stage. The focus, going forward, will revert back to prior years to include the number of businesses referred for incubation
10. Quality assurance strategy	A list of entrepreneurs referred to the incubation programme is kept by Pre-Investment. Progress of referrals will be verified with the Incubation Programme itself
11. Indicator responsibility	Pre-Investment Unit Manager

Performance Indicator 6.3: Number of Social Facilitation Sessions provided

1. Indicator title	Number of Social Facilitation sessions provided
2. Short definition	Number of Social Facilitation sessions provided to investees
3. Purpose/importance	Provision of corporate governance training to black-owned businesses and entrepreneurs
4. Source/collection of data	Socio-Economic Development Unit
5. Lead/ coordinating agency	Socio-Economic Development Unit
6. Method of calculation	A record is kept of the training sessions held together with the towns in which training hosted
7. Calculation type	Cumulative – for the year
8. Baseline (for the year ended 31 March 2017)	42 Social Facilitation sessions
9. Data limitations	No specific limitations
10. Quality assurance strategy	A record is kept of the training sessions held together with the towns in which training hosted. This can be verified by Supply Chain and Finance department, based on orders and invoices raised.
11. Indicator responsibility	Socio-Economic Development Unit

Performance Indicator 7.1.: Brand Audit Survey findings

1. Indicator title	Brand Audit Survey findings
2. Short definition	The findings of the Brand Audit Survey
3. Purpose/importance	To track brand awareness of the NEF in order to drive the utilisation of the NEF's services and financing products
4. Source/collection of data	Marketing & Communications has outsourced this function to a media agency
5. Lead/ coordinating agency	Marketing & Communications
6. Method of calculation	A survey is performed every second year
7. Calculation type	Non-cumulative
8. Baseline (for the year ended 31 March 2017)	86%
9. Data limitations	None
10. Quality assurance strategy	Checked and verified by the media agency
11. Indicator responsibility	Marketing & Communications Manager

Performance Indicator 8.1: Percentage of Portfolio Impaired

1. Indicator title	Percentage of the portfolio impaired
2. Short 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. Purpose/importance	The level of impairment is an indication of the sustainability of the fund
4. Source/collection of data	Finance Department
5. Lead/ coordinating agency	Finance Department
6. Method of calculation	Valuations are performed on the portfolio based on the current performance of investee's businesses
7. Calculation type	Non-cumulative
8. Baseline (as at 31 March 2017)	The portfolio impairment is 17.55%
9. Data limitations	No specific limitations
10. Quality assurance strategy	The valuations are performed by an independent consultant together with the Post Investment Unit and the Finance Department
11. Indicator responsibility	Finance Manager

Performance Indicator 8.2: Target ROI before impairments

1. Indicator title	Target return on investment before impairments
2. Short definition	Annual return earned by the total portfolio i.e. loans and preference share portfolio before impairments
3. Purpose/importance	The ability to generate a healthy return improves the ability of the fund to be sustainable
4. Source/collection of data	Finance Department
5. Lead/ coordinating agency	Finance Department
6. Method of calculation	Returns are calculated based on actual collections received from investees
7. Calculation type	Cumulative
8. Baseline (as at 31 March 2017)	The ROI is 7.8%
9. Data limitations	No specific limitations
10. Quality assurance strategy	Calculations are performed by the Finance Manager and audited by the external auditors
11. Indicator responsibility	Fund Manager, Post Investment Unit Manager, Chief Financial Officer

Performance Indicator 8.3: Collections ratio

1. Indicator title	Improve collections ratios
2. Short definition	The NEF seeks to improve the percentage of monies collected from investees based on the total amount invoiced
3. Purpose/importance	To ensure sustainability of the fund
4. Source/collection of data	Finance Department, Post Investment Unit
5. Lead/ coordinating agency	Finance Department
6. Method of calculation	Percentage of funds received based on the total amount invoiced
7. Calculation type	Cumulative – for the year
8. Baseline (for the year ended 31 March 2017)	101.79%
9. Data limitations	None
10. Quality assurance strategy	Invoicing is performed by Finance Department, and audited as part of the annual audit exercise
11. Indicator responsibility	Finance Manager

Appendix A: Financial Projections**Statement of Financial Performance**

	ACTUAL <u>Mar-17</u> R	FORECAST <u>Mar-18</u> R	BUDGET <u>Mar-19</u> R	BUDGET <u>Mar-20</u> R	BUDGET <u>Mar-21</u> R
<u>INCOME:</u>					
Dividends	75 849 340	85 000 000	90 000 000	90 000 000	100 000 000
Interest Received Banks	84 688 797	75 841 894	35 683 529	(16 383 389)	(63 678 498)
Interest from Investments	212 497 407	208 728 033	241 534 531	314 909 037	394 354 392
Fees	7 097 490	21 600 000	26 774 000	27 125 600	28 634 840
Enterprise Development Fund	29 302 101	40 000 000	40 000 000	40 000 000	40 000 000
Other income	20 257 071	-	-	-	-
Bad Debts Recovered	2 414 962	2 000 000	2 000 000	2 000 000	2 000 000
	432 107 168	433 169 927	435 992 060	457 651 249	501 310 733
<u>EXPENDITURE</u>					
Goods & Services	72 707 137	69 255 878	72 054 416	76 484 971	81 136 591
Compensation to employees	154 855 984	179 272 789	188 140 636	203 744 454	212 254 923
Depreciation	1 236 393	1 972 944	2 905 804	3 713 587	4 308 127
Projects/ Non-financial support	11 678 779	13 388 843	14 152 007	14 944 519	15 766 468
Impairment Provision & Write offs	239 551 212	167 109 754	154 598 804	153 025 394	184 151 978
Total Expenditure	480 029 505	431 000 208	431 851 666	451 912 925	497 618 087
<u>OPERATIONAL SURPLUS/(DEFICIT)</u>	(47 922 337)	2 169 718	4 140 393	5 738 323	3 692 646
Fair value Adj - Held at fair value	(123 083 020)	-	-	-	-
Fair value Adj - unincorporated equity investments	(13 794 528)	-	-	-	-
Fair value adj - investment in associates	(132 477 044)	-	-	-	-
<u>TOTAL FAIR VALUE ADJUSTMENTS</u>	(269 354 592)	-	-	-	-
Net surplus/(deficit)	(317 276 929)	2 169 718	4 140 393	5 738 323	3 692 646

Statement of Financial Position

	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
	R	R	R	R	R
ASSETS					
Non Current Assets	3 773 019 447	4 007 982 111	4 774 263 364	5 580 938 545	6 528 471 160
Property, Plant and Equipment	1 946 564	4 834 923	7 001 192	9 000 894	10 500 670
Intangible Assets	94 858	733 555	1 161 482	1 448 193	1 640 289
Investments in Associates	67 924 461	133 924 461	251 664 461	372 920 461	509 268 861
Investments Held at Fair Value	1 564 964 871	1 564 964 871	1 564 964 871	1 564 964 871	1 564 964 871
Investment in subsidiary	6 178 205	6 178 205	6 178 205	-	-
Finance Lease receivables	255 260 443	271 126 579	320 480 003	372 751 701	433 592 598
Loans and Preference Shares	1 876 650 044	2 026 219 516	2 622 813 149	3 259 852 424	4 008 503 870
Preference shares	50 740 725	50 740 725	50 740 725	50 740 725	50 740 725
Loans	1 825 909 319	1 975 478 791	2 572 072 424	3 209 111 699	3 957 763 145
Current Assets	1 400 071 835	1 067 278 889	205 138 029	(695 798 829)	(1 666 809 826)
Accounts Receivable	1 512 371	1 512 371	1 512 371	1 512 371	1 512 371
Non-current assets - Held for sale	829 600	-	-	-	-
Investments Held for Trading	53 207 276	53 207 276	53 207 276	53 207 276	53 207 276
Cash and Bank	1 344 522 588	1 012 559 242	150 418 382	(750 518 476)	(1 721 529 473)
TOTAL ASSETS	5 173 091 281	5 075 261 000	4 979 401 393	4 885 139 716	4 861 661 334
Trust Capital and Reserves	4 786 671 103	4 788 840 821	4 792 981 214	4 798 719 537	4 802 412 183
Trust Capital	2 468 431 472	2 468 431 472	2 468 431 472	2 468 431 472	2 468 431 472
Retained Income	2 318 239 631	2 320 409 349	2 324 549 742	2 330 288 065	2 333 980 711
- Balance at Beginning of the Year	2 635 516 560	2 318 239 631	2 320 409 349	2 324 549 742	2 330 288 065
- Retained Income/(Deficit) for the Year	(317 276 929)	2 169 718	4 140 393	5 738 323	3 692 646
Non-Current Liabilities					
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
Current Liabilities	377 171 028	277 171 028	177 171 028	77 171 028	50 000 000
Accounts Payable	377 171 028	277 171 028	177 171 028	77 171 028	50 000 000
TOTAL EQUITY AND LIABILITIES	5 173 091 281	5 075 261 000	4 979 401 393	4 885 139 716	4 861 661 334

Cashflow Statement

	2017 March R	2018 March R	2019 March R	2020 March R	2021 March R
Cash flows from operating activities	3 511 433	(304 087 910)	(317 347 058)	(338 173 945)	(279 329 010)
Cash receipts from customers	59 071 624	57 000 000	57 000 000	57 000 000	57 000 000
Cash paid to suppliers and employees	(55 560 191)	(361 087 910)	(374 347 058)	(395 173 945)	(336 329 010)
Cash flows from investing activities	(77 755 531)	(27 875 436)	(544 793 801)	(562 762 913)	(691 681 988)
Additions to property, and equipment	(2 304 253)	(4 500 000)	(4 500 000)	(5 000 000)	(5 000 000)
Additions to intangible assets	(130 243)	(1 000 000)	(1 000 000)	(1 000 000)	(1 000 000)
Investment disbursements	(766 960 405)	(660 000 000)	(1 177 400 000)	(1 212 560 000)	(1 363 484 000)
Dividends received	161 970 700	85 000 000	90 000 000	90 000 000	100 000 000
Interest receipts	84 403 624	75 841 894	35 683 529	(16 383 389)	(63 678 498)
Repayments on originated loans, preference shares and leases	430 765 046	476 782 670	512 422 670	576 002 270	641 480 510
Proceeds from sale of investments	14 500 000	-	-	6 178 205	-
Decrease in cash and cash equivalents	(74 244 098)	(331 963 346)	(862 140 859)	(900 936 858)	(971 010 998)
Cash at beginning of the year	1 418 766 686	1 344 522 588	1 012 559 242	150 418 382	(750 518 476)
Total Cash at end of year	1 344 522 588	1 012 559 242	150 418 382	(750 518 476)	(1 721 529 473)

National Empowerment Fund

Personnel Information

Category	Salary Bands	Components of Remuneration	Preliminary outcomes						Revised Estimate						Projections over the MTEF					
			2016/17			2017/18			2018/19			2019/20			2020/21					
			Number of posts filled on funded establishment nt	Expenditure on posts filled on funded establishment nt (R thousand)	Unit Cost	Number of posts approved establishment nt	Number of funded posts (establishment ent)	Expenditure on posts filled on funded establishment nt (R thousand)	Unit Cost	Number of posts filled on funded establishment nt	Expenditure on posts filled on funded establishment nt (R thousand)	Unit Cost	Number of posts filled on funded establishment nt	Expenditure on posts filled on funded establishment nt (R thousand)	Unit Cost	Number of posts filled on funded establishment nt	Expenditure on posts filled on funded establishment nt (R thousand)	Unit Cost		
Temporary/Contract	Semi-skilled	Guaranteed package	4	1 260	320	4	4	1 394	346	4	1 449	362	4	1 507	377	4	1 558	392		
Permanent	Executive Board Members	Guaranteed package	1	3 680	3 680	1	1	3 718	3 718	1	4 186	4 186	1	4 353	4 353	1	4 527	4 527		
Permanent	Executive Management	Guaranteed package	1	2 345	2 345	1	1	2 560	2 560	1	2 663	2 663	1	2 769	2 769	1	2 880	2 880		
Permanent	Executive Management	Guaranteed package	3	5 719	1 906	3	3	5 827	1 942	3	6 490	2 163	3	6 749	2 250	3	7 019	2 340		
Permanent	Senior Management	Guaranteed package	7	10 176	1 454	9	7	10 776	1 539	7	11 688	1 670	7	12 155	1 736	7	12 641	1 806		
Permanent	Senior Management	Guaranteed package	12	12 739	1 062	13	12	13 134	1 095	12	14 096	1 175	12	14 660	1 222	12	15 247	1 271		
Permanent	Professionals	Guaranteed package	20	24 888	1 245	32	31	26 726	862	31	29 082	938	31	29 954	966	31	31 277	1 033		
Permanent	Professionals	Guaranteed package	24	16 062	689	32	26	17 934	690	28	20 127	719	28	21 333	762	28	21 656	773		
Permanent	Professionals	Guaranteed package	36	24 089	689	42	42	25 243	682	34	24 106	709	34	27 977	823	34	21 234	625		
Permanent	Skilled	Guaranteed package	17	6 436	379	19	19	7 320	385	19	8 051	424	19	8 373	441	19	8 708	458		
Permanent	Skilled	Guaranteed package	13	3 968	308	17	17	4 040	311	13	4 426	340	13	4 693	384	13	5 354	412		
Permanent	Skilled	Guaranteed package	7	1 768	253	8	8	1 912	239	8	2 020	253	8	2 101	263	8	2 185	273		
Permanent	Skilled	Guaranteed package	5	1 031	206	7	6	1 033	172	7	1 413	202	7	1 469	210	7	1 528	218		
Permanent	Skilled	Guaranteed package	5	830	166	5	5	907	181	5	943	189	5	981	196	5	1 020	204		
Permanent	Skilled	Guaranteed package	2	268	134	2	2	291	146	2	303	151	2	315	157	2	328	164		
Permanent	Semi-skilled	Guaranteed package	-	-	-	-	-	9 920	-	-	10 515	-	-	14 862	-	-	11 586	-		
		Other	-	39 537	-	-	-	46 538	-	-	46 582	-	-	49 191	-	-	51 896	-		
		Performance bonus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
TOTAL			157	154 856	986	195	185	179 273	1 024	175	188 140	1 075	175	203 744	1 164	175	212 255	1 213		

HOW TO REACH THE NATIONAL EMPOWERMENT FUND

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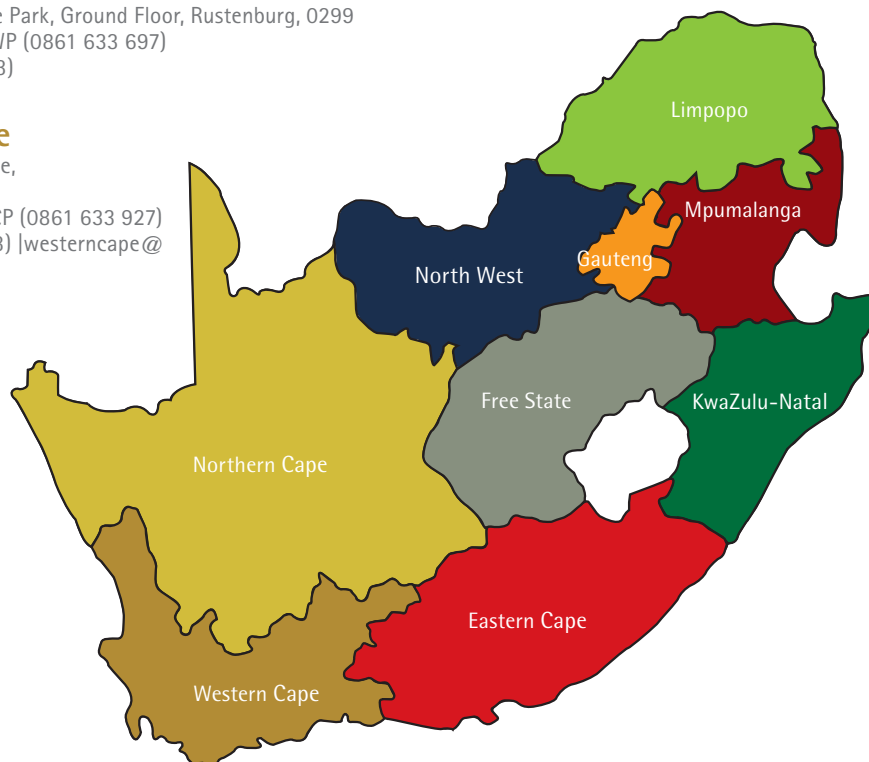
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