



**QUESTIONS FOR THE 2008/09 ANNUAL REPORT FOR THE INDUSTRIAL  
DEVELOPMENT CORPORATION**

15 October 2009

**1. Introduction**

The Industrial Development Corporation (IDC) is a development finance institution that aims to support industrial capacity development and promote entrepreneurship in Africa. It operates on self-financing model and seeks to contribute to the generation of sustainable economic growth in Africa and economic empowerment of South Africans. Ultimately, its outcomes should be:

- sustainable employment,
- increased sectoral diversity,
- regional equity,
- increasing small and medium enterprise sector
- industrialisation in Africa,
- broad-based black economic empowerment,
- environmentally sustainable growth and
- new entrepreneurs.

**2. Questions**

**2.1. Financial crisis:**

1. With the financial crisis, what changes has the IDC experienced in terms of its repayment rate?
2. the impairments and write-offs as a percentage of average portfolio valued at cost was 13.8% for 2008/09 slightly higher than the targeted 12.7%. Has this increased since 2007/08? provision for bad debts? If yes, have there been any adjustments in this ratio?

**2.2. Loans:**

1. What is the primary purpose of funds provided to industry? For example, are funds for capital investment or operating expenses?
2. What was the average and mean value of loans approved?
3. What percentage of funded projects is "green" given the objective of contributing to environmentally sustainable growth?
4. What percentage of funded projects affects rural areas and/or vulnerable groups?
5. On what basis are funds approved and allocated across sectors? For instance, is preference given to DTI's priority sectors, are allocations related to the capital requirements of each industry or do certain sectors simply make more applications than others?
6. On what basis are funds allocated to each fund of the Transformation and Entrepreneurship Scheme?



7. At what point would a business be given to the Workout and Restructuring Unit to intervene? What percentage of the IDC business partners has been handed to this Unit and what has been the success rate?
8. What types of small and medium enterprises does the IDC assist, as the IDC's mandate allows it to grant a minimum of a R1 million loan?

### **2.3. Monitoring outcomes:**

1. What measures are in place to determine the sustainability of jobs created in previous years?
2. How does the IDC monitor the success of projects funded and for how long after funding has been disbursed?
3. What is the success rate of particularly small and medium enterprises that the IDC supports?
4. How does the IDC determine its contribution to the desired outcomes it stated on page 3?

### **2.4. Assistance for distressed companies:**

1. How many applications for assistance were received? Please provide a breakdown of which sectors and provinces these were received from.
2. How will the IDC determine whether the companies receiving assistance are recovering?
3. What mechanisms are in place to ensure that distressed companies that are receiving assistance from the IDC are making every effort to retain their employees?
4. How has the IDC been raising funds to assist distressed companies? Has this been sourced from funds already earmarked for distribution or are these additional funds raised specifically for this purpose?

### **2.5. Agency Development and Support:**

1. Cumulatively, how many municipal development agencies has the IDC established?
2. What is the provincial breakdown of these agencies?
3. How does the IDC measure the success of their support to these agencies?
4. How many operational phases are there for these agencies and what do the ones mentioned on page 79 refer to?

### **2.6. Corporate Social Investment**

1. On page 84, the IDC indicates that its *I Do Care Fund*<sup>1</sup> nominated 14 charity organisations that deal with people with disabilities. Which charities were these? How much was donated to these charity organisations? Was there a specific purpose for these funds?
2. On what basis does the IDC select projects that qualify for grant funding under its Social Investment Fund?

<sup>1</sup> The I Do Care Fund is an employee volunteer programme where employees contribute a portion of their monthly salaries to charity organisations that they nominate based on certain fixed criteria.



## **2.7. Human Resources:**

1. How large is the IDC's staff complement?
2. What is the vacancy rate at the end of 2008/09?
3. On page 86, the IDC provides the percentage of its staff that form part of the employment equity and diversity designated group. Please provide a breakdown of these groups.
4. What percentage of staff includes people with disabilities and at what occupational level?

## **2.8. Board of Directors**

1. Ms Hlahla has missed 6 of the 9 general board meetings (page 89). What were the reasons for this and what interventions have been made to address the situation?
2. Ms Nokwe has missed 4 of the 9 general board meetings (page 89) and 3 of the 4 Risk Management Committee meetings (page 90). Please provide reasons for this and what interventions have been implemented?

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## **References**

Industrial Development Corporation. 2009. *Annual Report 2008/2009*.