



# ECIC 2024 Corporate Plan

Presentation to Portfolio Committee on Trade, Industry and  
Competition

16 May 2023

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# ECIC MANDATE AND STRATEGIC FOCUS

- ECIC mandate is to facilitate export trade and cross-border investments between South Africa and the rest of the globe
- We have a strategic focus on the African continent and other emerging markets
- In the light of the African Continental Free Trade Agreement, our mandate has been expanded to cover capital and non-capital goods with a focus on the sectors covered by the various Master Plans
- The aim of the expanded mandate is to boost Intra-Africa trade and facilitate higher levels of supported jobs and the creation of new jobs



# VISION AND MISSION

**Vision:** To be a world-class export insurer in facilitating South African export trade and investment globally

**Mission Statement:** To provide insurance solutions in support of South African goods and services by applying best practice underwriting and risk management principles



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# ECIC'S ECONOMIC IMPACT

2013 - 2023

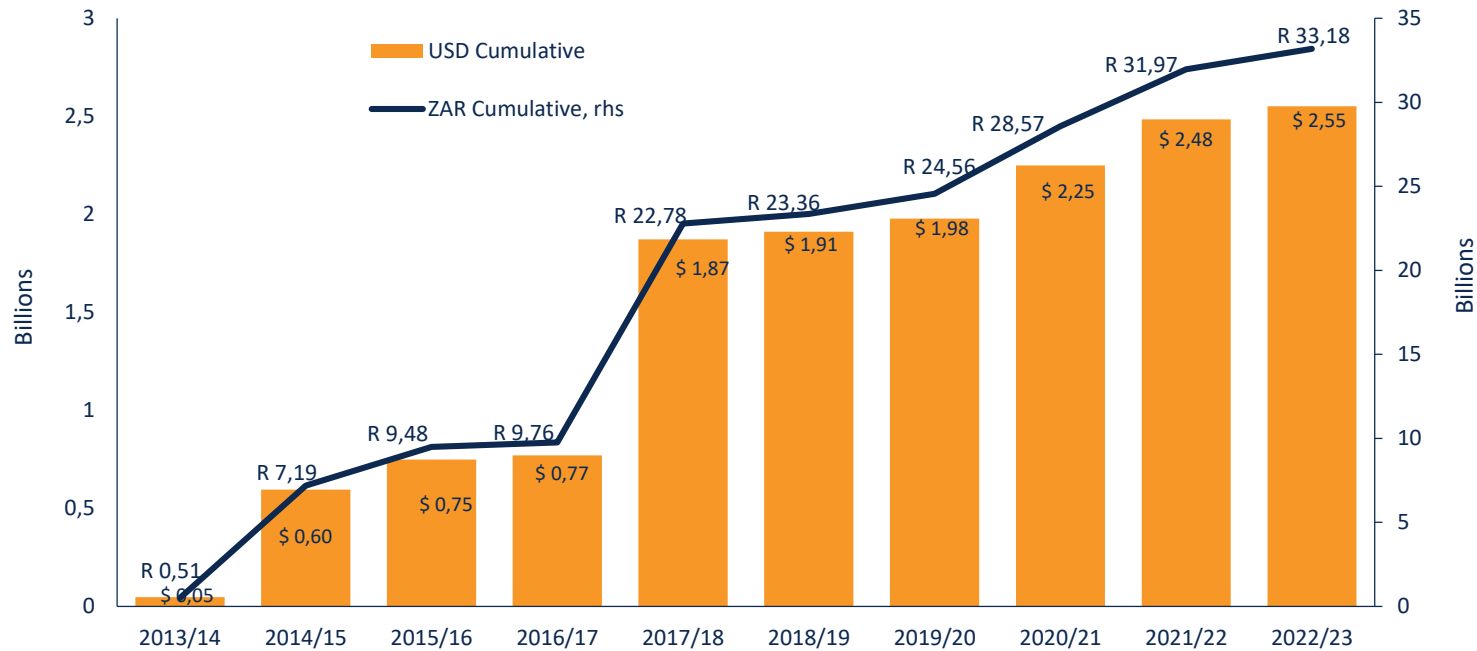


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# Value of ECIC supported projects

Over the last 10 financial years, ECIC has grown considerably supporting almost 47 export-led and investment-related projects across the African continent and other emerging economies. This accumulated to approximately US\$2.6 billion (R33.2 billion) worth of loans and investments supported by ECIC in various sectors among them power, mining, rail, construction and telecommunications.

## Nominal value of loan and investment amounts supported by ECIC (2013-2023)



\*The figures on the chart use the USD/ZAR exchange rate as at 31st March of the applicable financial year

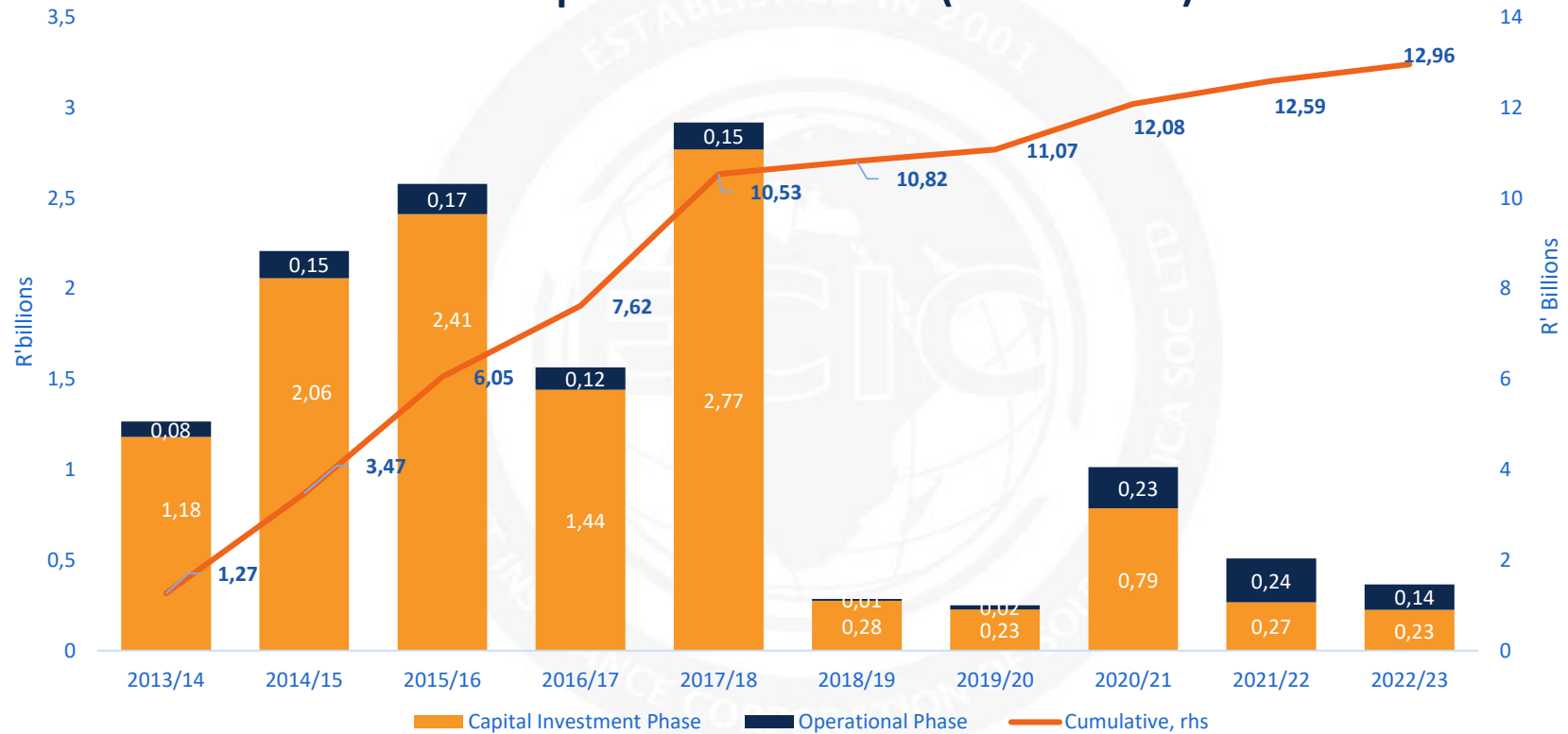


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# Value added to SA economy

**R 12.96 billion is estimated to have been added to the South African GDP**

## Impact of ECIC on GDP (2013 – 2023)



*Note: Results presented consider the Direct, Indirect and Induced impacts of ECIC's contribution*

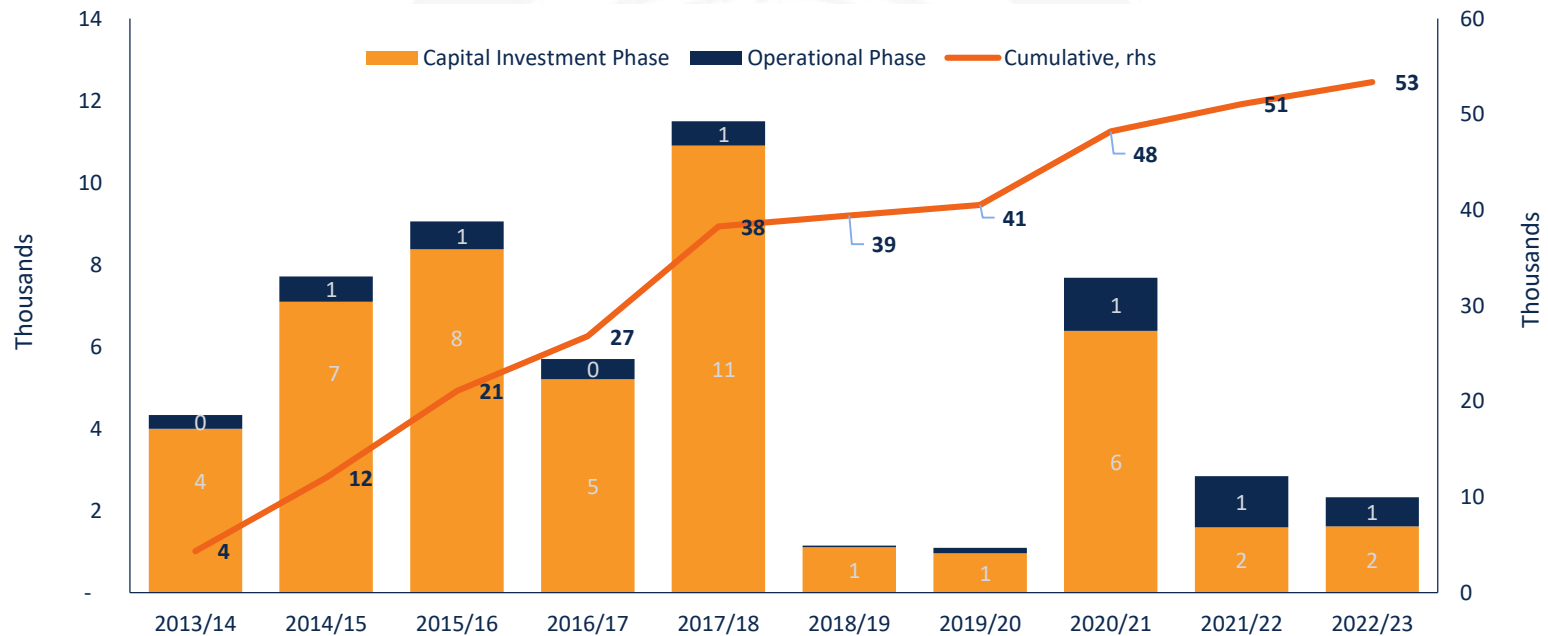


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# Employment Impact in South Africa

ECIC's involvement has been instrumental in facilitating the generation and sustainability of an estimated 53 000 job opportunities in South Africa as a result of insured export transactions, over the past 10 years.

## Impact of ECIC on Employment (2013 – 2023)



*Note: Results presented consider the Direct, Indirect and Induced impacts of ECIC's contribution*

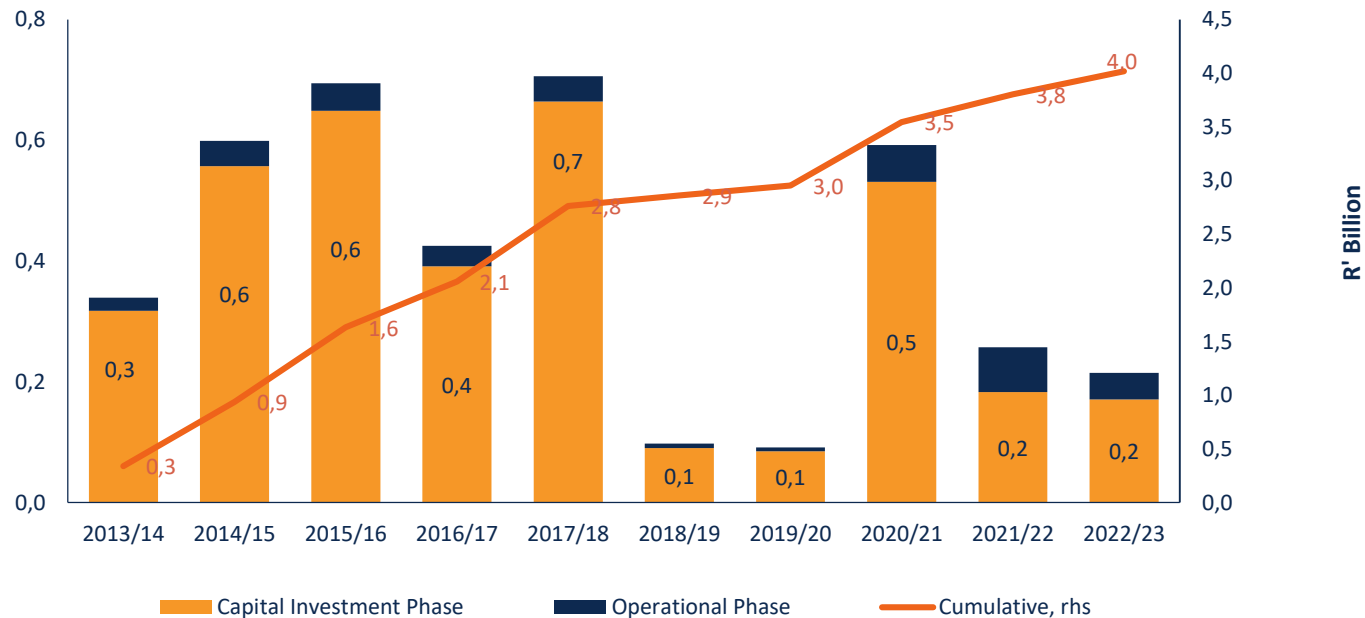


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# Revenue Impact in South Africa

R 4 billion is estimated to have been added to the South African fiscus

## Impact of ECIC on Revenue (2013 – 2023)



Note: Results presented consider the Direct, Indirect and Induced impacts of ECIC's contribution



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# ECIC'S 2023/24 CORPORATE PLAN



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# STRATEGIC THEMES

- **Stakeholder and customer engagement**
  - Engage with key stakeholders to know and understand their legitimate and reasonable needs, interests and expectations on an ongoing basis to assist the Corporation in effectively executing its mandate.
- **Grow and diversify the business**
  - Increase market presence, customer-focused solutions, grow and diversify our portfolio of supported transactions.



# STRATEGIC THEMES CONTINUED

- **Operational excellence**

- Continuous investment in effective and efficient integrated systems and processes, invest in our human capital, build knowledge and skills, and a culture of professionalism, innovation and team work to enhance organizational capacity and operational excellence.

- **Good governance and risk management**

- Pursue good governance, transformation and sound underwriting and risk management practices to ensure a self-sustainable and socially relevant and economically impactful enterprise.



# STRATEGY MAP

## ECIC Tier One Strategy Map



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# INDUSTRIALIZATION AND GROWING THE ECONOMY

## Contribute to trade facilitation that results in job creation

- Value of deals underwritten: \$560m
- Number of deals underwritten: 4
- Value of approved transactions within expanded sectoral coverage: \$70m
- Number of companies benefiting under the Export Passport Programme: At least 6



# ACTIONS TO PROMOTE TRANSFORMATION

## Enhance transformation

- Maintain B-BBEE Level 1
- Support emerging exporters under the Export Passport Programme
- Through the new line of business of short-term trade insurance, we aim to support more SMME exporters plus youth owned, women owned and black owned exporters across the different provinces and district municipalities



# BUILDING A CAPABLE STATE

## Improve Employee Value Proposition

- Staff retention: 85%

## Improve business processes and systems

- Percentage of business processes automated: 80%

## Improve staff efficiency

- Staff efficiency ratio below 31%

## Embed risk management practices

- Ensure no breaches on risk appetite limits
- Achievement of level 3 risk maturity levels across 50% of metrics



# BUILDING A CAPABLE STATE

## Enhance financial sustainability

- 5% increase in equity (excluding foreign exchange movement and related tax)
- Operating cost base of underwriting activities below R157m

## Stakeholder and Customer Engagement

- CTR score of 0.10
- Employee engagement score of 70%

## Enhance Corporate Governance

- Clean audit with no repeat findings and no more than 3 new findings on the BAC report (judgemental differences not taken into account)







# ALIGNMENT TO GOVERNMENT PRIORITIES



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# ALIGNMENT TO MEDIUM TERM STRATEGIC FRAMEWORK 2019-2024

MTSF Priority	MTSF Outcome	the dtic Strategic Focus Areas	ECIC Strategic Theme	ECIC Strategic Objective	ECIC Target
<b>Economic Transformation and Job Creation</b>	Increased economic participation, ownership, access to resources, opportunities and wage equality for women, youth and persons with disabilities	Promote economic inclusion	Good governance and risk management	Enhance transformation	Maintain a Level 1 B-BBEE Score
			Grow the business	Contribute to trade facilitation that results in job creation	<ol style="list-style-type: none"> <li>1. Value of deals underwritten</li> <li>2. Number of deals underwritten</li> <li>3. Value of approved transactions within expanded sectoral coverage</li> <li>4. Number of companies benefiting under the Export Passport Programme</li> </ol>
<b>A better Africa and World</b>	Increased Foreign Direct Investment (FDI) and increased exports contributed to economic growth	Expand markets for our products and facilitate entry to those markets			
	Increased intra-Africa trade				



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# ALIGNMENT TO THE DTIC JOINT INDICATORS

## 1. Industrialization and Growing the Economy

- a) Value of deals underwritten
- b) Number of deals underwritten
- c) Value of approved transactions within expanded mandate
- d) Number of companies benefiting under the Export Passport Programme

## 2. Actions to Promote Transformation

- a) Maintain a Level 1 B-BBEE Score
- b) Number of companies benefiting under the Export Passport Programme



# ALIGNMENT TO THE DTIC JOINT INDICATORS

## 3. Building a Capable State

- a) Retention of staff
- b) Percentage (%) of prioritized business processes automated
- c) Employee cost to earned premium (3-year average)
- d) No breaches on risk appetite limits over the 5-year period
- e) Risk maturity levels of the Corporation
- f) % Increase in equity (excluding foreign exchange movements and related tax)
- g) Operating cost base of underwriting activities
- h) Click Through Rate (CTR) on the AfCFTA media campaign
- i) Employee engagement survey
- j) Clean audit with no repeat findings on BAC Report
- k) Number of companies benefiting under the Export Passport Programme



# CONTRIBUTION TO THE DTIC KPIs

Outcome	ECIC 2023/24 Contribution
Output 4: R300 billion in manufacturing exports to rest of Africa	USD9,8 million / R163 million
Output 6: R30 billion in support programmes	USD630 million / R10,5 billion equivalent *
Output 8: R8 billion in financial support to SMMEs, and Women- and Youth-Empowered businesses	R1 million
Output 9: R7,5 billion in financial support to enterprises in labour absorbing sectors	USD15 million / R250 million equivalent
Output 12: 1 million jobs supported or covered by master plans	5000
Output 13: 100 000 jobs to be created	2 163

\* This is the combination of 2 ECIC targets:

- Value of deals underwritten
- Value of approved transactions within expanded mandate



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# CONTRIBUTION TO THE DTIC KPIs

Outcome	ECIC 2023/24 Contribution
Output 25: 10 business forums aimed at supporting increased FDI, exports and outward investment hosted	Present/participate in at least 4
Output 32: 1000 case studies of firms, workers, entrepreneurs, professionals or communities impacted by the dtic measures	Provide at least 30 case studies
Output 33: 52 community outreach programmes by <b>the dtic</b> group	Conduct/participate in at least 10
Output 37: 5 conferences, summits and international forums hosted	Participate/support at least 3



# CONTRIBUTION TO THE DTIC KPIs

Outcome	ECIC 2023/24 Contribution
Output 40: 10 High-impact measures to reduce red tape or improve turnaround times in administration of incentives and work of agencies	Export Passport Programme implemented to coordinate and pool support for exporters by the dtic, ECIC, IDC and NEF
Output 43: Promotion of a transparent and just adjudication process for incentive applications	Participate/Support in 2 Incentives Adjudication Committees.





# BUDGET



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# FINANCIAL PLAN

- A new accounting standard for insurance contract (IFRS17) became effective on 01 Jan 2023 which is applicable to the ECIC from 01 April 2023.
  - The budget over the planning period is based on this new accounting standard
- The budgeted insurance revenue and insurance services expenses are based on the expected and actual cash flows for premium receipts, claim payments, allocated policy administration and claims handling expenses, as well as allocated acquisition costs. It is assumed that the approved projects will materialize at 100%. A probability of 60% was applied on pipeline projects.



# FINANCIAL PLAN

- The following assumptions were applied on expenses:
  - The average increase of total operating expenses over the Corporate Planning period is 4%; and
  - Salary increment is between 3,5% and 6,0% per annum during the strategy period.



# FINANCIAL PLAN - PERFORMANCE

R'000	2024	2025	2026	2027	2028
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>					
Insurance revenue	395 326	517 145	697 483	841 557	916 002
Insurance service expenses	-307 916	-213 956	-40 480	-41 593	-3 133
Net expenses from reinsurance contracts held	-1 883	-14 727	-29 013	-42 397	-50 898
<b>Insurance service result</b>	<b>85 527</b>	<b>288 462</b>	<b>627 990</b>	<b>757 567</b>	<b>861 971</b>
Finance expenses from insurance contracts issued	-7 851	-36 371	-80 796	-113 257	-107 476
Finance income from reinsurance contracts held	17	1 774	5 837	8 942	9 712
<b>Net insurance result</b>	<b>77 694</b>	<b>253 865</b>	<b>553 031</b>	<b>653 252</b>	<b>764 207</b>
Assessment fees	1 084	1 233	680	723	489
Other Operating expenses (Excl. Investments and SED & ESD Contributions)	-148 079	-151 065	-161 277	-171 568	-177 367
Commission Paid	-	-	-	-	-
Bonus services	-26 268	-27 476	-28 438	-29 433	-29 743
Investment Income	578 910	630 027	740 994	854 285	923 732
Investment management expense (Incl. Operating expenses)	-38 311	-40 155	-47 927	-55 362	-60 006
IMU income	172 783	180 542	188 630	197 080	205 909
IMU expenses	-38 841	-28 436	-19 808	-12 251	-6 414
Other income	-	-	-	-	-
Interest expense	-1 888	-1 517	-1 096	-606	-1 372
<b>Profit Before Tax (before SED &amp; ESD Contributions)</b>	<b>577 084</b>	<b>817 017</b>	<b>1 224 799</b>	<b>1 436 119</b>	<b>1 619 434</b>
SED & ESD Contributions (4%) (Incl. Operating expenses)	-38 558	-24 821	-35 139	-47 237	-54 506
Foreign Exchange gain/(Loss)	-45 603	-55 681	0	-1	-0
<b>Profit Before Tax</b>	<b>492 922</b>	<b>736 516</b>	<b>1 189 660</b>	<b>1 388 882</b>	<b>1 564 928</b>
Taxation	-297 759	-132 431	-126 308	-148 716	-162 331
<b>Profit/(Loss) After Tax</b>	<b>195 163</b>	<b>604 084</b>	<b>1 063 352</b>	<b>1 240 165</b>	<b>1 402 597</b>



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# FINANCIAL PLAN - POSITION

R'000	2024	2025	2026	2027	2028
<b>ASSETS</b>					
Equipment	21 836	14 786	8 985	2 215	27 403
Investments	8 884 348	10 269 606	12 272 878	14 355 180	15 524 170
Loans and receivables	1 255 921	1 932 083	1 836 176	660 937	495 898
Reinsurance assets	-	-	-	-	-
Reinsurance contract assets	50 104	149 824	275 295	327 309	323 389
Cash and Cash Equivalent	91 237	92 973	92 973	92 973	92 973
Deferred tax	6 088	6 088	6 088	6 088	6 088
Taxation receivable	-	-	-	-	-
<b>Total Assets</b>	<b>10 309 534</b>	<b>12 465 360</b>	<b>14 492 395</b>	<b>15 444 702</b>	<b>16 469 920</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share Capital and Premium	316 051	316 051	316 051	316 051	316 051
Foreign Currency Translation Reserve	4 470 120	4 629 447	4 628 472	4 627 406	4 626 781
Other OCI Reserves	-60 137	-47 418	-47 418	-47 418	-47 418
Retained Income					
- Previous Years	3 563 256	3 758 420	4 362 504	5 425 856	6 666 022
- Current Year	195 163	604 084	1 063 352	1 240 165	1 402 597
<b>Total Equity</b>	<b>8 484 453</b>	<b>9 260 583</b>	<b>10 322 961</b>	<b>11 562 060</b>	<b>12 964 032</b>
<b>Liabilities</b>					
Insurance contract liabilities	1 084 128	2 579 794	3 662 520	3 618 142	3 298 632
Taxation payable	92 488	-	-	-	-
IMU liability	419 768	310 933	208 663	124 204	61 007
Reinsurance liabilities	-	-	-	-	-
Trade and other payables	176 454	264 750	252 470	99 356	78 290
Lease Liabilities	19 532	15 086	10 369	4 289	30 745
Employee benefit liability	32 710	34 214	35 412	36 651	37 214
<b>Total Liabilities</b>	<b>1 825 081</b>	<b>3 204 777</b>	<b>4 169 434</b>	<b>3 882 642</b>	<b>3 505 888</b>
<b>Total Equity and Liabilities</b>	<b>10 309 534</b>	<b>12 465 360</b>	<b>14 492 395</b>	<b>15 444 702</b>	<b>16 469 920</b>



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**THANK YOU**



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