



PORTFOLIO COMMITTEE ON TRADE, INDUSTRY AND COMPETITION

ECIC QUARTERLY FINANCIAL AND NON-FINANCIAL PERFORMANCE FOR THE 2022/23 FINANCIAL YEAR

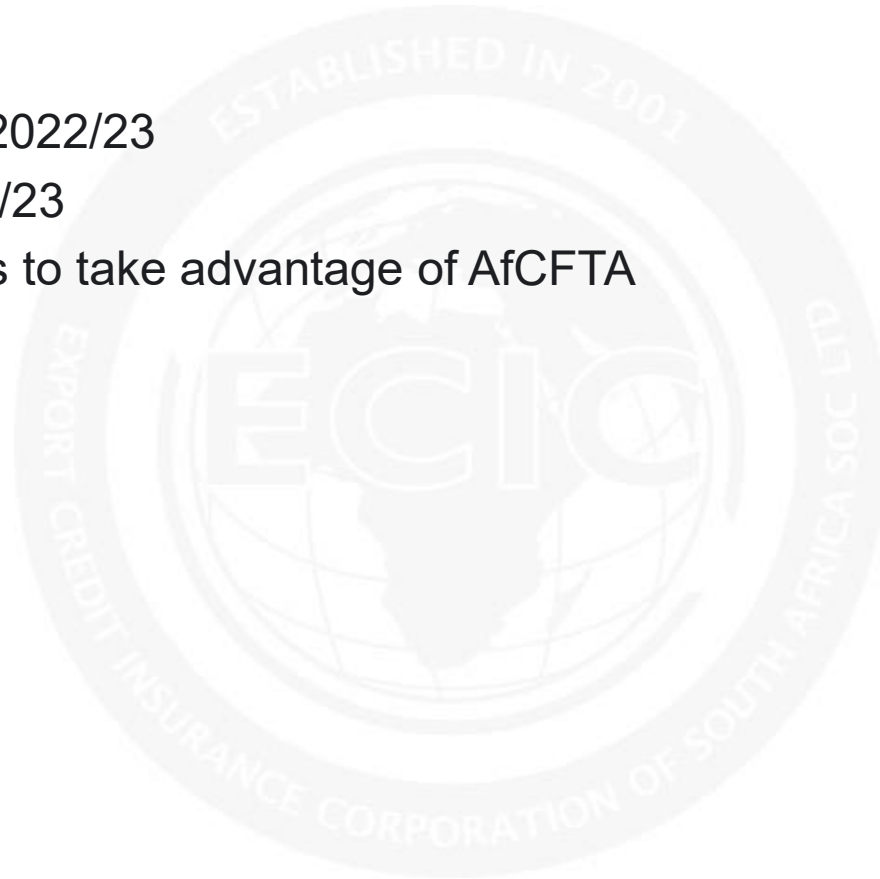
15 February 2023



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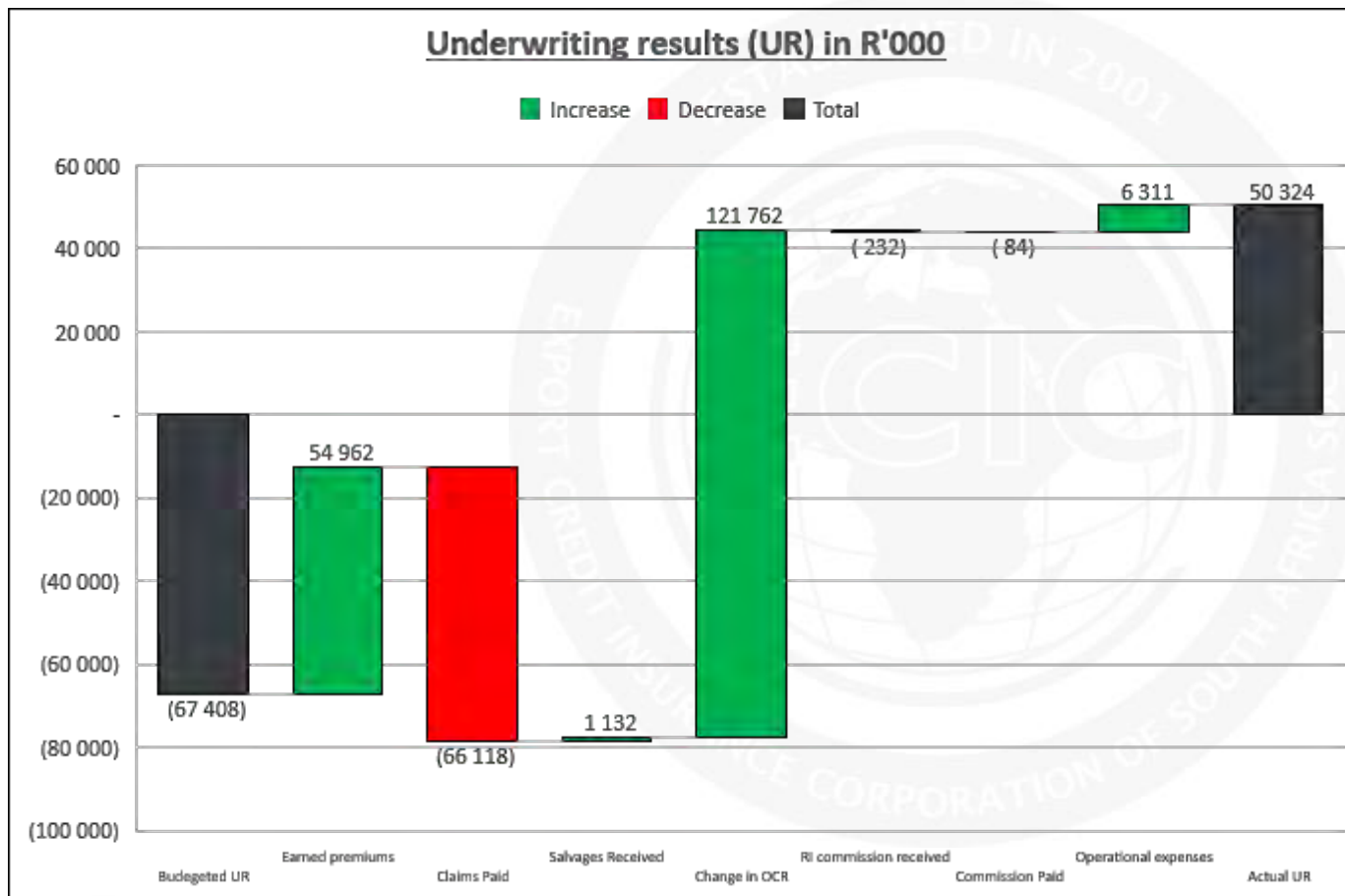
MANDATE OF ECIC

- ECIC was established in 2001 and derives its mandate from the ECIC founding legislation
- The mandate is to facilitate cross-border investments and export trade between South Africa and the rest of the world
- ECIC has a strategic focus on the African Continent and other emerging markets
- There is priority focus on Intra-Africa Trade and various sectors where **the dtic** has concluded master plans – on a non-exclusive basis
- Historically, ECIC has been supporting capital goods exports and services.
- Recently, ECIC mandate has been expanded to cover consumer goods and short-term transactions



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FINANCIAL RESULTS 2022/23 – Q1

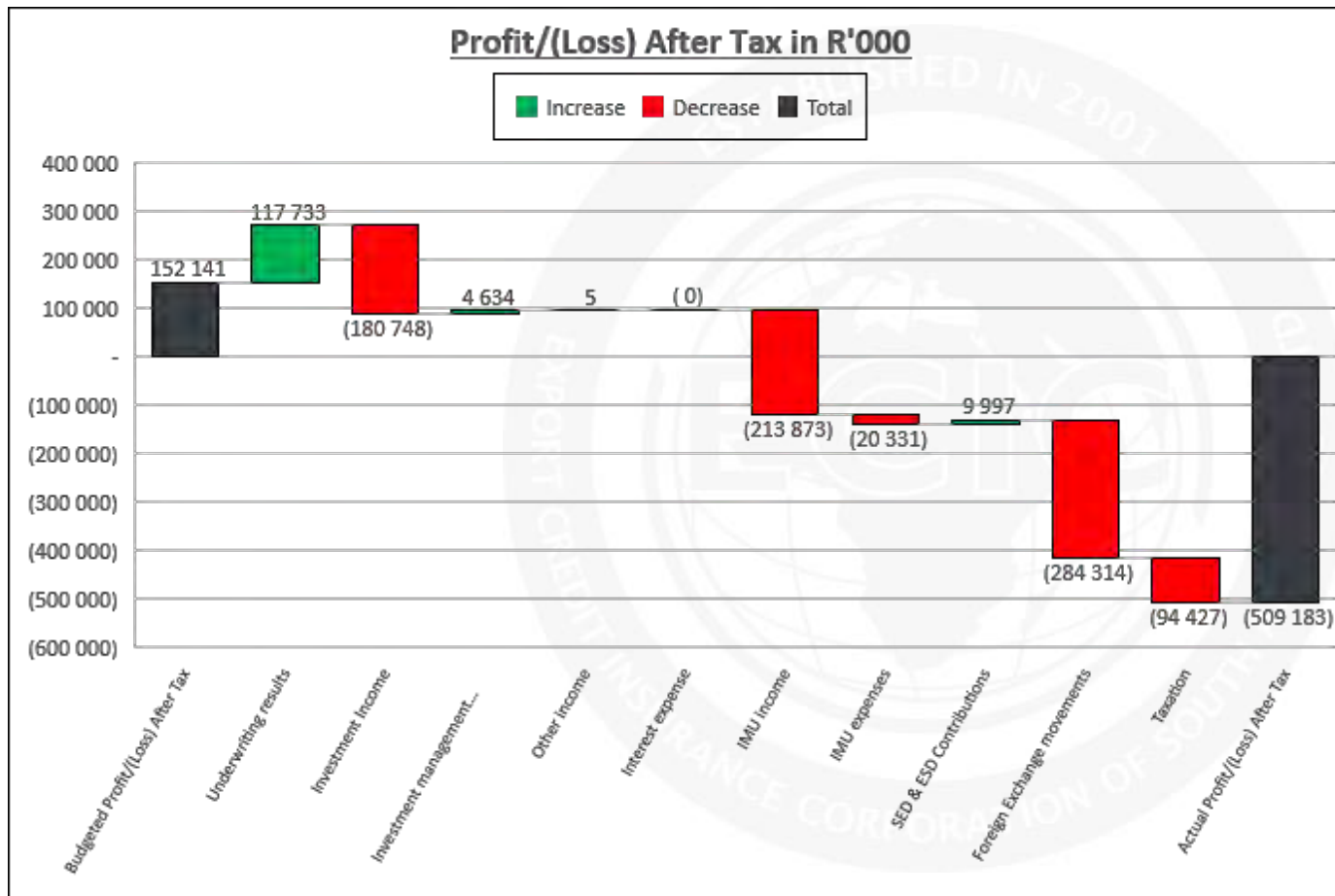


- Budgeted UR is negative as it includes additional IBNR raised for potential new claims. These claims did not materialise.
- The increase in claims paid is due to additional interest on the Lqhobong actual claim which was not budgeted for.



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FINANCIAL RESULTS 2022/23 – Q1

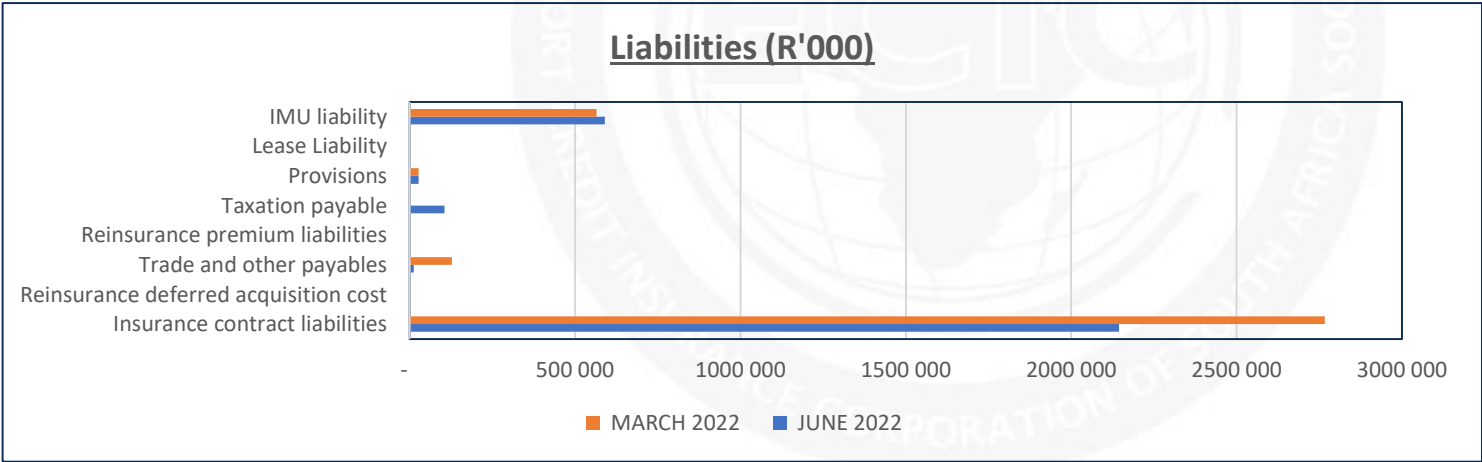
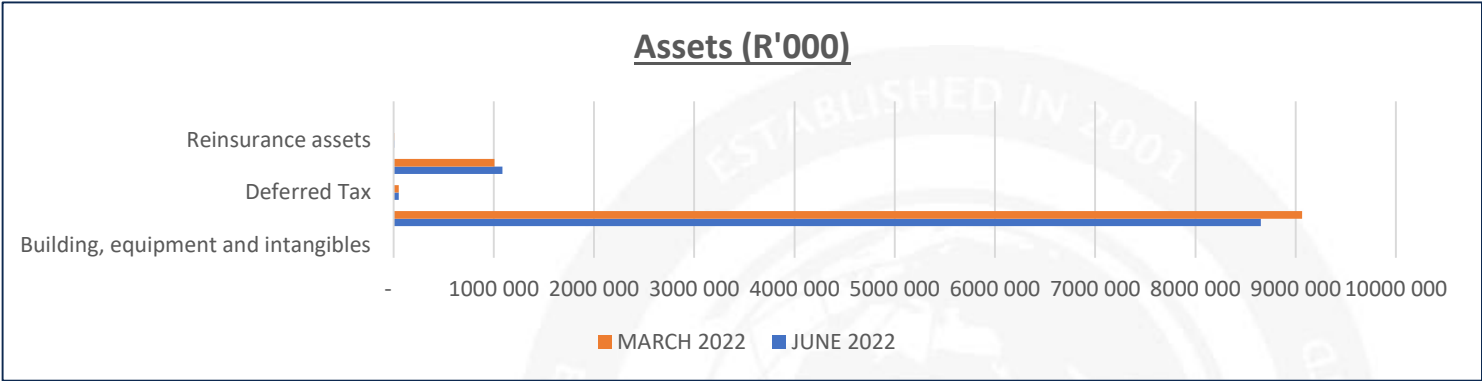


- Budgeted investment returns are based on long-term rates which tends to be higher than the short-term rates.
- IMU grant was deferred to November 2022.
- Forex is due to the Rand depreciating against the US Dollar by 5.39% instead of 1.29% assumed initially.
- Tax mismatch resulted in the loss increasing further i.e. loss before tax vs loss after tax..



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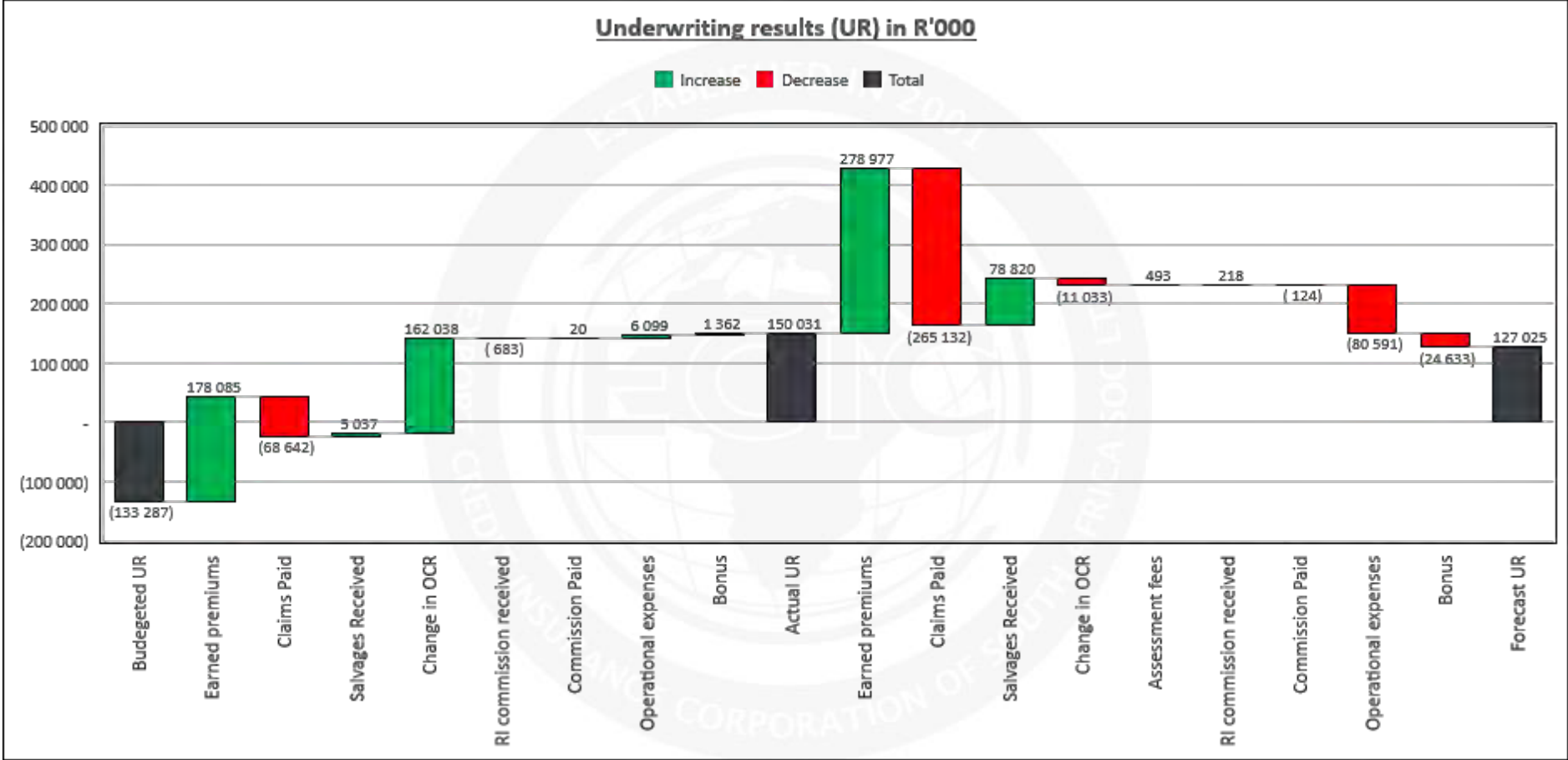
FINANCIAL RESULTS 2022/23 – Q1



- Total assets reduced by R336 million from R10.1 billion to R9.8 billion as a result of paying a claim to the value of R875 million. This claim also resulted in the insurance contract liabilities reducing by R622,7 million from R2.8 billion to 2.1 billion.
- The Equity increased by R270.9 million from R6.6 billion to R6.9 billion.

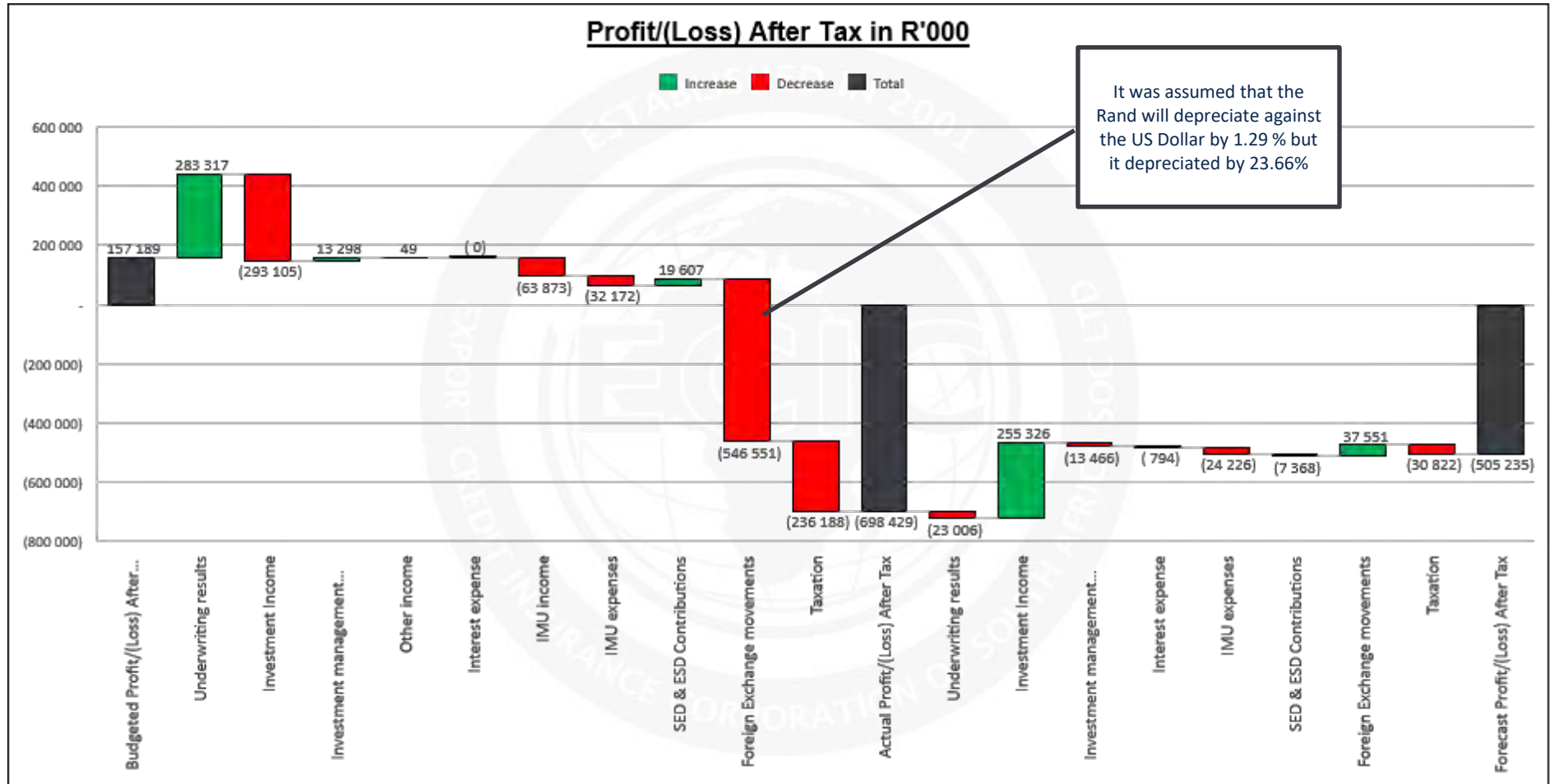


FINANCIAL RESULTS 2022/23 – Q2 & FORECAST TO Q4



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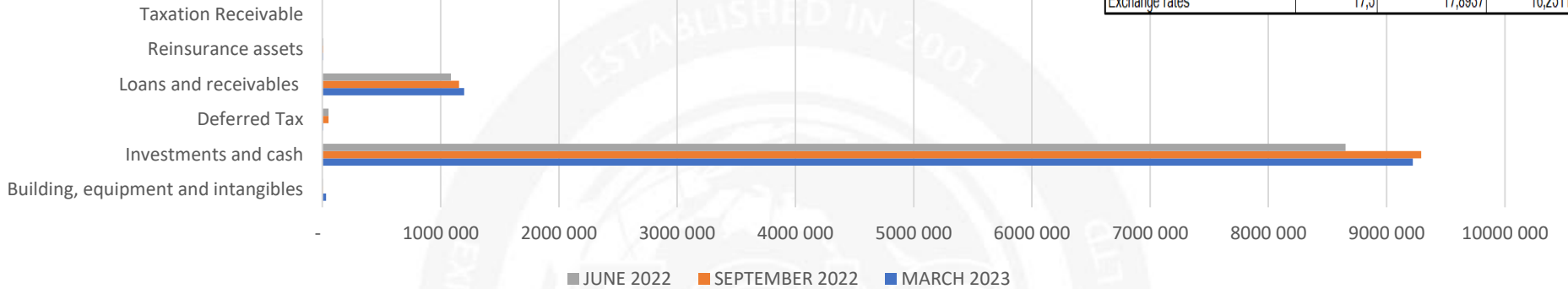
FINANCIAL RESULTS 2022/23 – Q2 & FORECAST TO Q4



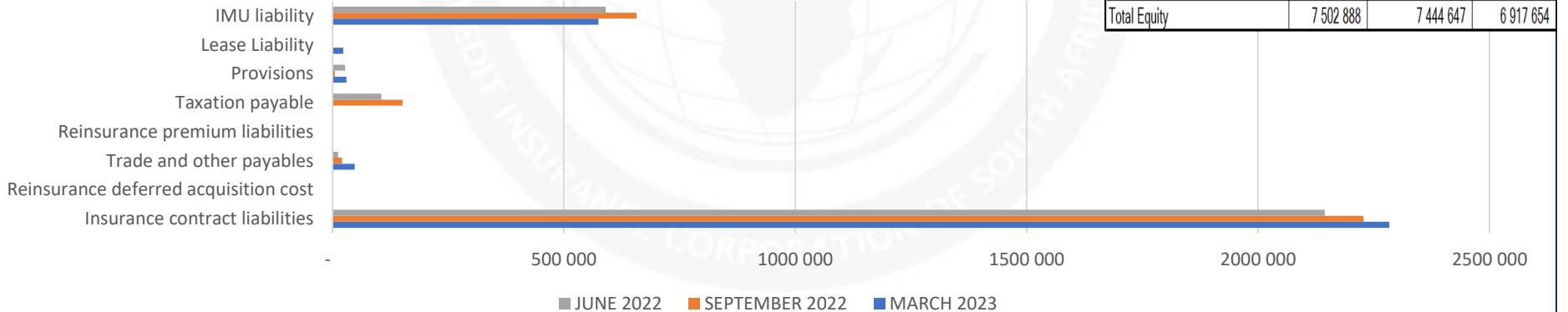
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FINANCIAL RESULTS 2022/23 – Q2 & FORECAST TO Q4

Total Assets (R'000)

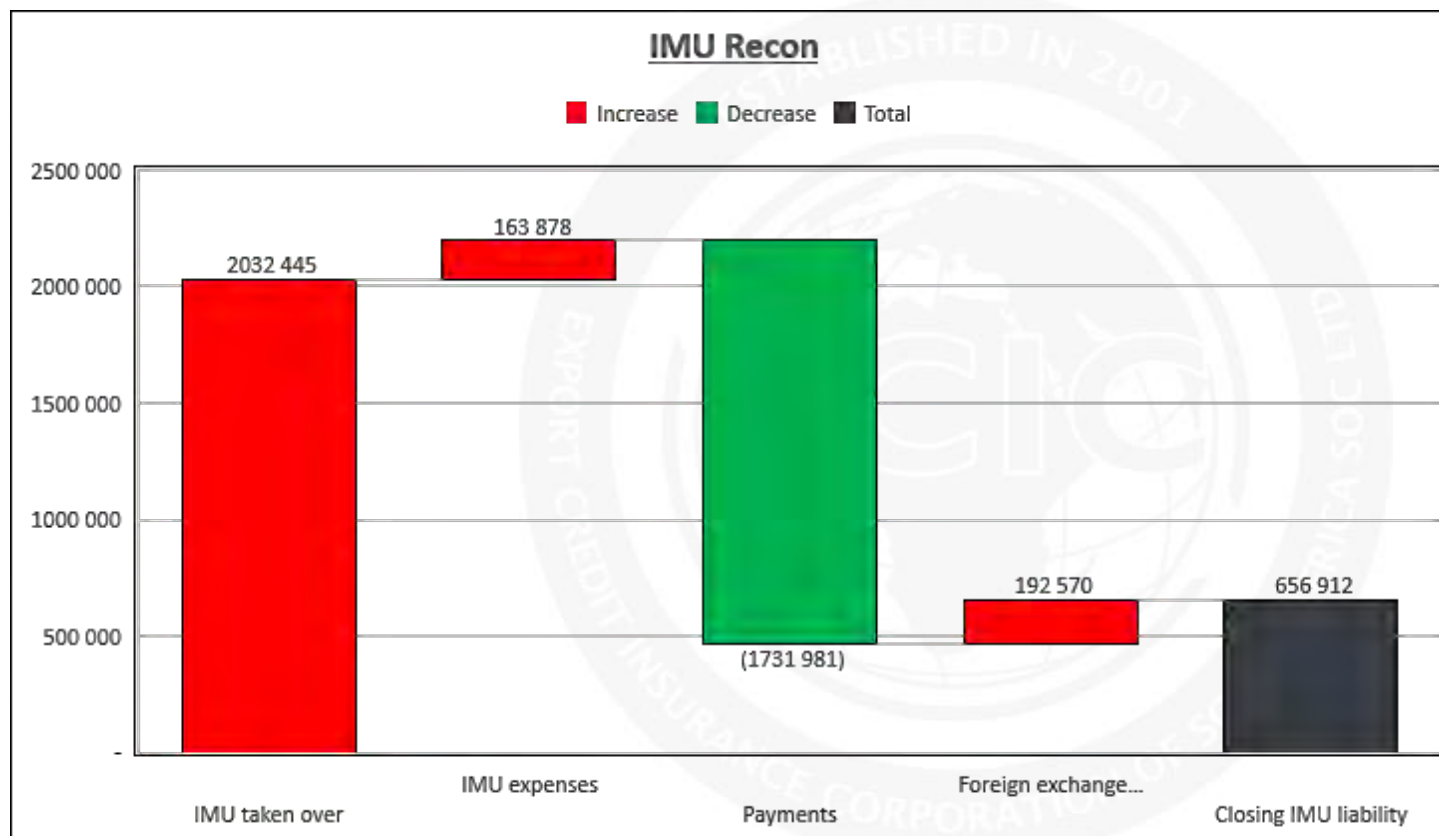


Total Liabilities (R'000)



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IMU RECON

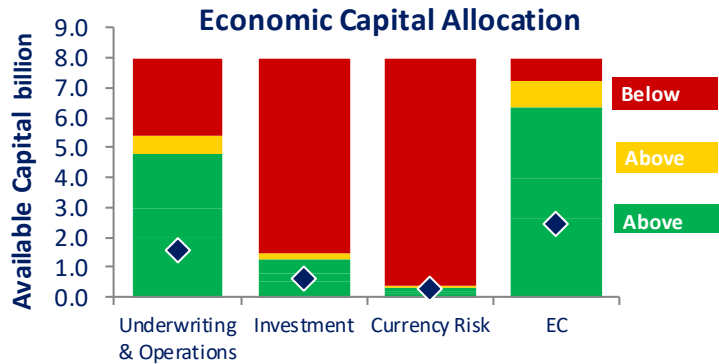


- IMU claims paid = R1.7 billion
- IMU grant receipt = R1.1 billion
- Tax paid = R162.2 million



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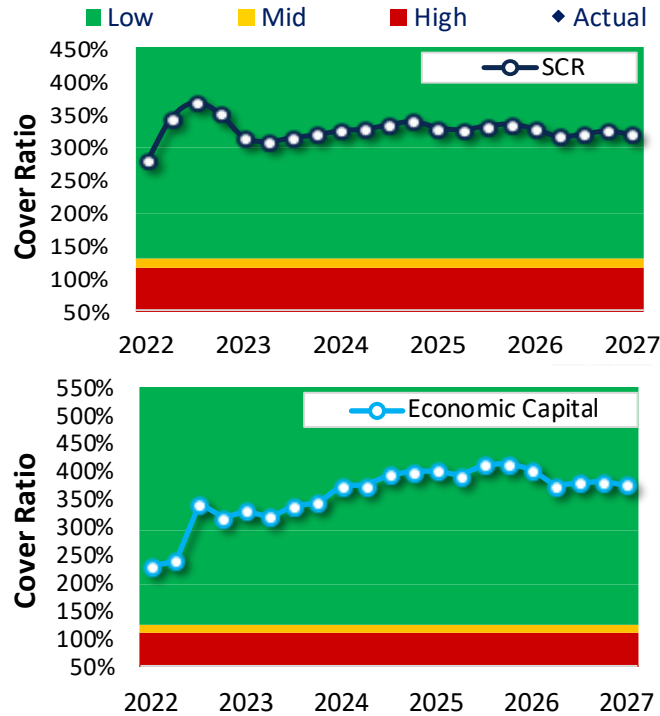
SOLVENCY & CAPITAL ALLOCATION



The aim of capital management is to ensure that regulatory and economic capital requirements are met at all times and that the Corporation is capitalised in line with the risk appetite and target ratios set by the Board.

The regulatory required solvency (SCR) and Economic Capital required (EC) is forecast to ensure the SCR and EC cover ratios does not breach the regulatory minimum of 100% or the risk appetite limits.

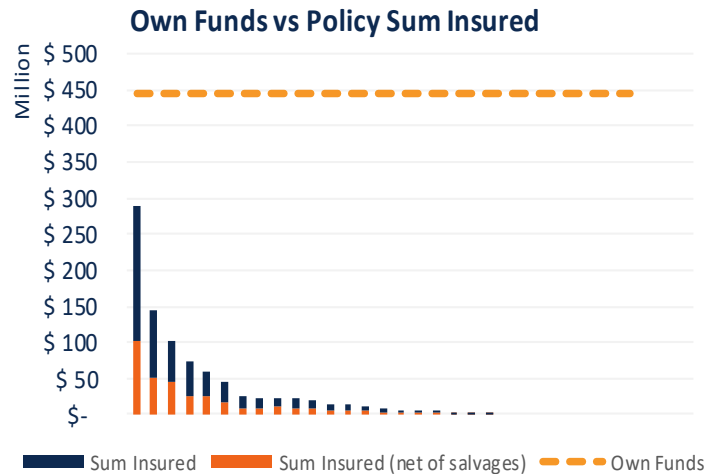
The Corporation also manages its capital to ensure sufficient capital levels to support business growth. This in turn serves to maintain market confidence and create value for the shareholders whilst ensuring regulatory compliance.



The Risk Appetite allocates Economic Capital in broad between underwriting / operational activities, investment activities and currency risk (75% / 20% / 5%).

The projected SCR and EC cover ratios

- The projected SCR and EC cover ratios remain above the risk appetite limits.
- The EC is driven by a change in the exposure underwritten, which is reflected in the improved ratio once one of ECIC's large policies expire.



Exposures above \$200m: Cenpower \$288m

Exposures above \$100m: Infralink \$103m, Beitbridge \$145

Exposures above \$50m: Amandi Railway \$75m and Vodacom \$60m



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PERFORMANCE 2022/23 - INDUSTRIALIZATION AND GROWING THE ECONOMY

Indicator	Annual Target	Q2 Target	Q1 and Q2 Achievement	Reason for variance
Value of approved transactions	USD550 million	Annual target with quarterly progress reporting	1 transaction to the equivalent value of USD8,68 million has been approved: 1) Letseng Diamonds (Lesotho) - R137,5 million	N/A
Number of approved transactions	4 deals approved			
Value of approved transactions within expanded sectoral coverage	USD60 million		No transactions approved yet.	



PERFORMANCE 2022/23 - INDUSTRIALIZATION AND GROWING THE ECONOMY

Indicator	Annual Target	Q2 Target	Q1 and Q2 Achievement	Reason for variance
Export Passport Program	5 companies benefiting	A cooperation agreement concluded between the dtic , ECIC, IDC and NEF dealing with the Export Passport Programme	<p>Quarterly target not achieved.</p> <p>[Q1] - Concept paper was shared with the dtic on 30 June 2022 for further discussion.</p> <p>[Q2] - The draft Cooperation Agreement on the Export Passport Programme was shared with the dtic on 29 September 2022.</p>	<p>the dtic Budget Vote 2022 Commitment Summary for TISA is targeting this for end of Q3.</p> <p>Engagement has been had in Q3 where intention to sign cooperation agreement was confirmed.</p>



PERFORMANCE 2022/23 – ENHANCE TRANSFORMATION

Indicator	Annual Target	Q2 Target	Q1 and Q2 Achievement	Reason for variance
B-BBEE Level	Level 1	Annual target with quarterly progress reporting	B-BBEE verification will take place after 2022/23 external audit.	N/A



PERFORMANCE 2022/23 - BUILDING A CAPABLE STATE

Indicator	Annual Target	Q2 Target	Q1 and Q2 Achievement	Reason for variance
% staff retained	Retain 85% of staff	Retain 85% of staff	[Q1] – 98% [Q2] - 97%	N/A
% of business processes automated	70% of business processes automated	Annual target with quarterly progress reporting	50% (23 of 46)	
Employee cost to earned premium (3-year average)	Ratio not greater than 31%		[Q1] – 5% [Q2] - 9%	



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PERFORMANCE 2022/23 - BUILDING A CAPABLE STATE

Indicator	Annual Target	Q2 Target	Q1 and Q2 Achievement	Reason for variance
No breaches on risk appetite limits over the 5-year period	No breaches on risk appetite limits (from 1 April 2022)	Annual target with quarterly progress	No breaches on risk appetite limits to-date.	N/A
Risk maturity levels of the Corporation	Level 2 across 100% of metrics		Annual survey results to be presented in Q4.	
% increase in equity (excluding foreign exchange movements and related tax)	5% increase in equity		[Q1] – 1% decrease. [Q2] - 1,69% increase.	
Operating cost base of underwriting activities	Operating cost below R150 million		[Q1] – R29 million [Q2] - R62,9 million	



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PERFORMANCE 2022/23 - BUILDING A CAPABLE STATE

Indicator	Annual Target	Q2 Target	Q1 and Q2 Achievement	Reason for variance
Corporate Reputation Index Performance (CRIP) score	CRIP score of 70%	Annual target with quarterly progress Reporting	Survey results to be presented in Q4	N/A
Culture Entropy score	Culture Entropy score below 30%			
External Audit results	Clean audit with no repeat findings and no more than 3 new findings on the BAC Report (judgmental differences not taken into account)		The external audit will be finalised in June/July 2023.	



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ECIC Q1 2022/23 EXPORTS SECURED

Projects approved in FY 2022/23

- 1 project to the value of R137,5 million approved
- Project is not yet effective

Projects approved prior to FY 2022/23

- 5 projects procured R566,3 million worth of SA exports in aggregate (Amounts converted at spot of \$1/R16,2511 on 30 June 2022)
- Project sectors:
 - Construction (Buildings & related infrastructure) – R493,8 m
 - Construction (Health Facility) – R19K
 - Construction (Railways) – R3,5 m
 - Mining – R5,1 m
 - Transportation (Catamarans) – R 64 m



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ECIC Q1 2022/23 EXPORTS SECURED PER PROJECT

Project Name destination	Project description	Project Economic Sector	Products	Procurement (delivery) Amount	SA Content (Export value)
ZimBorders, Zimbabwe	The expansion, upgrading and improvement of the Beitbridge border post in Zimbabwe.	Construction	Building site establishment costs, Professional services (project management, legal, accounting, auditing, engineering services, insurance), Building materials (cement, tools, steel), Transport costs, Labour costs & salaries, Overheads, Staff accommodation and catering.	R534 676 515	R493 771 570
Amandi Railway, Ghana	Construction of sections of the western, central and ART railway in Ghana	Construction of Roads & Railways	Professional services (accounting, auditing, legal, tax); Insurance, bank services).	R3 923 389	R3 491 581
Amandi Hospital, Ghana	The rehabilitation and remodeling of the existing Effia-Nkwanta Hospital, and the construction of a new 250 beds regional hospital in Agona, Republic of Ghana	Construction	Professional services (audit)	R19 761,00	R19 761,00
Liqhobong bridge facility, Lesotho	Diamond mine in Lesotho	Mining	Site establishment costs, Office rental, Labour costs, Professional services (market intelligence, accounting)	R21 079 848	R5 098 967
Robertson and Cain, South Africa	Working capital facility	Transportation	Manufacturing of sailing catamarans	R63 957 115	R63 957 115
Aggregate				R623 656 628	R566 338 994

EMPLOYMENT IMPACT BY SECTOR [NUMBER]

Country	Impact on SA	
	Construction Phase	Operational Phase
Agriculture	-	13
Mining	-	-
Manufacturing	89	223
Construction	-	-
Water and Electricity	-	1
Trade & Accommodation	-	45
Transport & Communication	-	5
Financial & Business Services	2 655	17
Community & Social Services	-	33
TOTAL EMPLOYMENT IMPACT	2 744	337



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EMPLOYMENT IMPACT

- Measurement based on ECIC's export credit insurance portfolio from 1 April 2022 – 30 June 2022, confirmed that the ECIC succeeded in facilitating five projects with a total export value amounting to R566.3 million
- The estimated impact of the ECIC support scheme reflects the creation/sustainability of 3 081 job opportunities, of which a total of 2 744 job opportunities are estimated to be created/sustained during the construction phase, and an estimated 337 job opportunities are expected to be sustained on an annual basis during the operational phase.
- Across both phases, the largest beneficiary of employment creation/sustainability is estimated to accrue to the semi-skilled labour category in South Africa.
- The estimated employment impact on the South African economy is expected to be most pronounced in the construction phase. These impacts are estimated to be most reflective in the Manufacturing and Financial and Business Services.



ECIC Q2 2022/23 EXPORTS SECURED

Projects approved prior to FY 2022/23

- 3 projects procured R626,8 million worth of SA exports in aggregate (Amounts converted at spot of US\$1/R17,8937 on 30 September 2022)
- Project sectors:
 - Construction (Buildings & related infrastructure) – R617,7 million
 - Power / Electricity – R4,4 million
 - Mining – R4,6 million



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ECIC Q2 2022/23 EXPORTS SECURED PER PROJECT

Project Name destination	Project description	Project Economic Sector	Products	Procurement (delivery) Amount	SA Content (Export value)
ZimBorders, Zimbabwe	The expansion, upgrading and improvement of the Beitbridge border post in Zimbabwe.	Construction	Building site establishment costs, Professional services (project management, legal, accounting, auditing, engineering services, insurance), Building materials (cement, tools, steel), Transport costs, Labour costs & salaries, Overheads, Staff accommodation and catering.	R420 944 268.80	R617 749 936.10*
EDM, Mozambique	The engineering, construction, procurement, delivery, installation, and commissioning of Lot 1 "Emergency Network Rehabilitation Programme	Power/ Electricity	Delivery of electrical equipment and professional fees	R43 522 184.44	R4 395 515.83
Liqhobong bridge facility, Lesotho	Diamond mine in Lesotho	Mining	Site establishment costs, Office rental, Labour costs, Professional services (market intelligence, accounting)	R16 133 289	R4 645 981.00
			Aggregate	R480 599 742.24	R626 791 432.93

NB* Export value is larger than Procurement Amount due to the time lag in the SA content verification.



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EMPLOYMENT IMPACT BY SECTOR [NUMBER]

Country	Impact on SA	
	Construction Phase	Operational Phase
Agriculture	-	17
Mining	-	-
Manufacturing	14	274
Water and Electricity	-	1
Construction	-	1
Trade & Accommodation	-	54
Transport & Communication	-	6
Financial & Business Services	3 264	19
Community & Social Services	-	39
TOTAL EMPLOYMENT IMPACT	3 278	411



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EMPLOYMENT IMPACT

- Measurement based on ECIC's export credit insurance portfolio from 1 July 2022 – 30 September 2022, confirmed that the ECIC succeeded in facilitating three projects with a total export value amounting to R626,8 million
- The estimated impact of the ECIC support scheme reflects the creation/sustainability of 3 689 job opportunities, of which a total of 3 278 job opportunities are estimated to be created/sustained during the construction phase, and an estimated 411 job opportunities are expected to be sustained on an annual basis during the operational phase.
- Across both phases, the largest beneficiary of employment creation/sustainability is estimated to accrue to the semi-skilled labour category in South Africa.
- The estimated employment impact on the South African economy is expected to be most pronounced in the construction phase. These impacts are estimated to be most reflective in the Manufacturing and Financial and Business Services.



ASSISTING EXPORTERS TO TAKE ADVANTAGE OF AFCFTA

- ECIC mandate has been expanded to cover the short-term insurance business i.e. transactions with a tenor of less than 2 years (“Expanded Mandate”)
- Partnerships with IDC on the Intra-Africa Trade Facility of USD55m– which may cover small export transactions/loans as well
- Export Passport Programme between **the dtic**, ECIC, IDC and NEF – that will cover established and emerging exporters with customized support packages
- On-going collaboration with commercial banks and Development Finance Institutions to give exporters and buyers of South African goods and services access to finance and expand geographic footprint on the continent
- Collaboration with Afreximbank on the co-finance of export transactions and guarantee support to ECIC for risk sharing purposes



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CURRENT STATUS OF INTRA-AFRICA TRADE BUSINESS

- Value of deals approved to date is USD308m – which translates to ca. R5,5bn against an annual target of USD550m (“Old Mandate”). A big hospital transaction in Zimbabwe is under consideration/negotiation.
- 2 transactions approved to date against a target of 4 deals. (“Old Mandate”).
- Value of deals approved under the Expanded Mandate to date is USD8,2m against the annual target of USD60m. Other transactions are under consideration in quarter 4.
- Export Passport Programme between **the dtic**, ECIC, IDC and NEF – expected to be signed in quarter 4 and the support packages to be considered in quarter 4 still.





THANK YOU



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