

Briefing by the IDC, NEF and the dtic on their Application Processes, Adjudication Processes and Post-Investment/Aftercare Services

Presentation to the Portfolio Committee on Trade and Industry

7 September 2022



the dtic

Department
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

the dtic - together, growing the economy

the dtic Customer Contact Centre: 0861 843 384

the dtic Website: www.thedtic.gov.za



PRESENTATION OUTLINE

1. BACKGROUND AND CONTEXT
2. TRANSFORMATION, INVESTMENT AND JOBS
3. COMMUNICATION, COMPLAINTS AND PROCESSES TO IMPROVE REACH
4. APPLICATIONS FOR 2022/23
5. THE DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION
6. THE INDUSTRIAL DEVELOPMENT CORPORATION
7. THE NATIONAL EMPOWERMENT FUND



**Embracing operational
excellence**

BACKGROUND AND CONTEXT

BACKGROUND AND CONTEXT

- The work done on Industrial Financing is informed by both the country's imperatives to address high unemployment, poverty and inequality; and the urgent need to improve economic performance, inclusive growth and capabilities of the state.
- The work is aligned to the February 2022 SONA priorities, COVID-19 Recovery and the Reconstruction vision that is focused on rebuilding and transforming the economy. **the dtic** and its entities takes into account a number of the SONA priorities including:
 - Focusing on sector support such as agro-processing (sugar, poultry, hemp and cannabis, fruit), manufacturing (furniture, steel, clothing and footwear, beneficiation and related industries) and global business services;
 - Climate change, including renewable energy, electric vehicles and green hydrogen;
 - Implementation of the AfCFTA;
 - Youth employment; promoting small businesses; and spatial equity through the District Development Model;
 - Promoting the ease of doing business, including cutting red tape;
 - Building a capable, ethical and developmental state; and
 - The call for deeper partnerships with investors.

BACKGROUND AND CONTEXT

- Three outcomes are defined for all the work of **the dtic** and entities
 - Industrialisation
 - Transformation
 - Capable State
- Industrialisation is the defining focus **of the dtic** and in South Africa it is imperative to promote transformation as part of industrialisation both for reasons of economic inclusion and stability; and to widen the talent pool and deepen the base for growth itself.
- At the same time, **the dtic** has a legal mandate on transformation that goes beyond **the dtic's** industrial sectors and covers the wider economy.
- The capable state is a critical requirement for fruitful partnerships with the private sector in order to drive industrialisation.

TRANSFORMATION, INVESTMENT AND JOBS

TRANSFORMATION, INVESTMENT AND JOB CREATION

**R31,8 billion
approved**

Black-Owned:326
Women-Owned:88
Youth-Owned:47
SMMEs:321

At least
R50 billion
investment to be
unlocked

At least 60 000
Jobs to be
Supported

**R16 billion
disbursed**

**R62 million tax
allowance utilised**

the dtic AND ENTITIES	APPROVALS	TRANSFORMATION	INVESTMENT	JOB OPPORTUNITIES	DISBURSEMENTS
Industrial Financing Branch	Value: R6.9billion Number of projects: 262	Black-Owned: 96 Women-Owned: 43 Youth-Owned: 2 SMMEs: 100	Projections on Approvals: Investment:R37 billion Actual on Disbursement: R23,6 billion Tax allowance cumulative Investment of R17 billion	Approvals New: 30 000 Retained: 41 000 Disbursements New: 43 000 Retained: 32 000	Value Disbursed R4.8 billion of grants disbursed R62 million tax allowance utilized
Industrial Development Corporation	Value: R23.2billion Number of projects: 257	Black-Owned: 105 Women-Owned: 18 Youth-Owned: 15 SMMEs: 104	Projected Investment: R75,7 billion	Approvals New: 14 102 Retained: 205 072	R10,7 billion
National Empowerment Fund	Value: R1.7 billion Number of projects: 302	Black-Owned: 302 Women-Owned: 104 Youth-Owned: 34 SMMEs: 293	Projected Investment R14.6 billion	Approvals New: 3 458 Retained: 9 798	R1.3 billion

Period of reporting on Table: April 2021 to July 2022

Aggregated reporting: Preliminary aggregated reporting for for ownership, investment and jobs which has removed duplications and based on the 2021/22 financial year

ALIGNMENT AND CO-ORDINATION AMONGST the dtic AND ENTITES: INDUSTRIALISATION PARTNERSHIP FUNDS SINCE INCEPTION

- In addition to collective investment into the economy, **the dtic**, IDC and NEF co-administer funds.
- The current co-administered funds/partnership funds with **the dtic** comprise:
 - IDC MCEP Main Fund;
 - Economic Distress Fund (IDC AND NEF);
 - Economic Recovery Fund (IDC and NEF) in response to the July 2021 unrest.

These fund collectively approved *R4.3 billion from inception to date.

- Transformation partnership funds administered with the NEF are:
 - Women Empowerment Fund; and
 - Black Business Manufacturing Fund.

The Transformation funds have approved *R192 million for black-owned businesses and women-owned businesses.

LESSONS LEARNT OVER THE LAST TWO YEARS IN TERMS OF EMERGENCY FUNDS AND CO-ORDINATION

- **Processes adapted to ensure quick turnaround time**
- **Swift decision making – Investment committees met as and when required**
- **Daily feedback** provided in daily team meetings
- **Live pipeline** tracking daily to maintain focus
- **Problem solving mindset** encouraged
- **Centralised co-ordination of the initiative**
- **Efficient deal structuring to enable disbursement and post approval monitoring**
- **Online system for Industrial Financing and collective reporting**

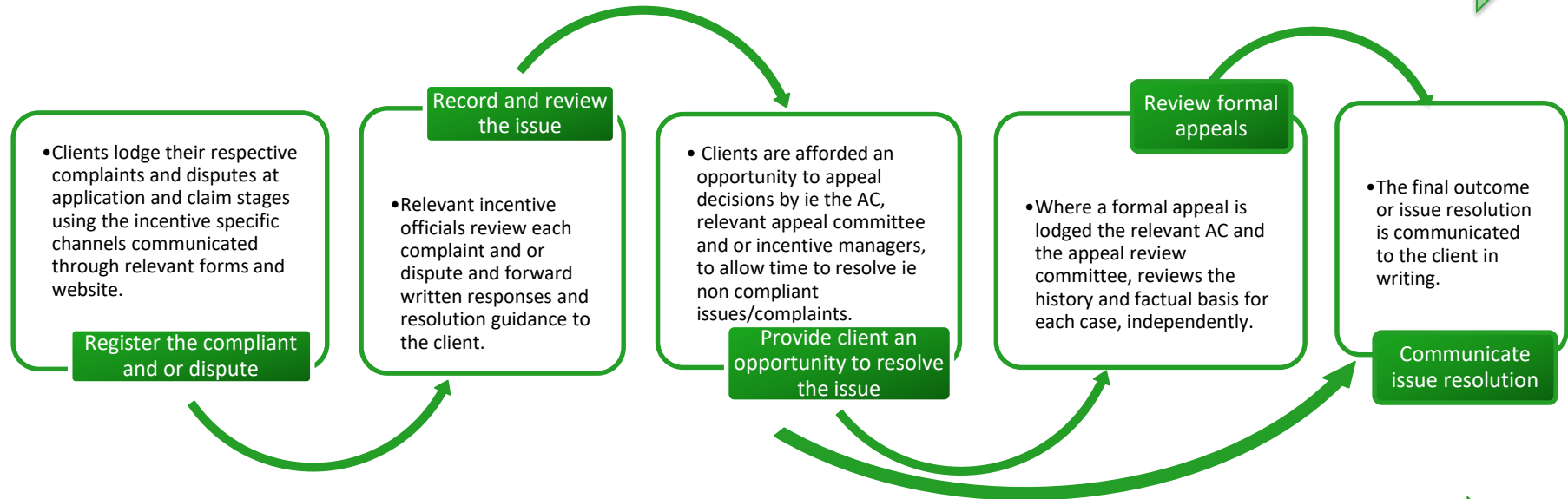


THESE LEARNINGS ARE BEING INCORPORATED INTO OUR STANDARD PROCESSES

COMMUNICATION, COMPLAINTS AND PROCESSES TO IMPROVE REACH

the dtic: CLIENT INTERACTIONS, COMPLAINTS and DISPUTES

Multiple client interfaces : Via walk in requests, e-mail, official correspondence, telephone, call center, regional offices



Provide client responses through the various **the dtic** channels in line with the incentive specific service charters, SOP's, IFB business plan and Batho Pele requirements

the dtic CLIENT INTERACTIONS, COMPLAINTS and DISPUTES

- Proactive responsiveness and continuous improvement to **the dtic's** service delivery model is pivotal in order to support businesses timeously. This helps business to make key decisions on the size of investment that it will undertake, as well as, whether it will establish its operations in South Africa etc.
- There are various mechanisms of communication with clients in the form of approval, rejection and termination letters when conveying decisions that are formal in nature. The common and swift platform that is used are email services and telecommunications.
- Through the automation of incentive processes, the online incentive system implemented will enhance responsiveness to clients. Clients will be in a position to interact with **the dtic** via the online system.
- Dependent on the scope of the complaint, it will be treated appropriately. Complaints are categorised in simple or complex in nature. Simple complaints such as the status of an application or claim, is responded to immediately. Complex complaints may require a more detailed evaluation or an investigation. Clients are kept updated as the matter progresses and is finalised. Complaints received via the regional offices have a 48 hour response time to all client complaints. Those complaints that they are not able to resolve is referred to incentive administrators or partner agencies.

the dtic CLIENT INTERACTIONS, COMPLAINTS and DISPUTES

- Regional road shows and **the dtic's** regional office allows for eased accessibility of information on the different incentive programs offered by the department. These road shows included includes Client & Stakeholder Workshops, Client & Stakeholder Capacity Building Sessions and Client & Stakeholder Awareness workshop.
- IFB partner's with Key Stakeholders in the rural communities in this regard. We would capacitate and workshop their staff on our product and service offering. These district forums also set up workshops for business owners in their communities at which time we workshop the business owners on our offerings:
 - Local Economic Development Officials;
 - Local Business Forums;
 - Woman In Business Forums;
 - Business Associations; and
 - Business Chambers.

HOW IDC COMMUNICATES WITH CLIENTS



IDC actively markets its services on various platforms such as radio, social media, roadshows and client visits



Sector focused business development managers proactively engage industry players to build new business opportunities and maintain business relationships



Applicants can contact the IDC via the call centre at callcentre@idc.co.za or 0860693888



Clients can walk in to the IDC Head Office or Regional Offices where they will be put in touch with sector specialists



Applications can be made online at www.idc.co.za



IDC has a team of Client Support and Growth Associates who maintain relationships and communication with clients post investment



Service feedback can be provided at service@idc.co.za

THE IDC HAS REGIONAL OFFICES IN ALL OF THE PROVINCES AS WELL AS SATELITE OFFICES TO EXTEND REACH TO RURAL LOCATIONS



IDC MANAGEMENT OF COMPLAINTS

TIER 1

- The Business Unit Head is responsible for the resolution of the complaint.
- Head to resolve the complaint within 7 days,
- To formally communicate the outcome to the client and the respective Divisional Executive.



TIER 2

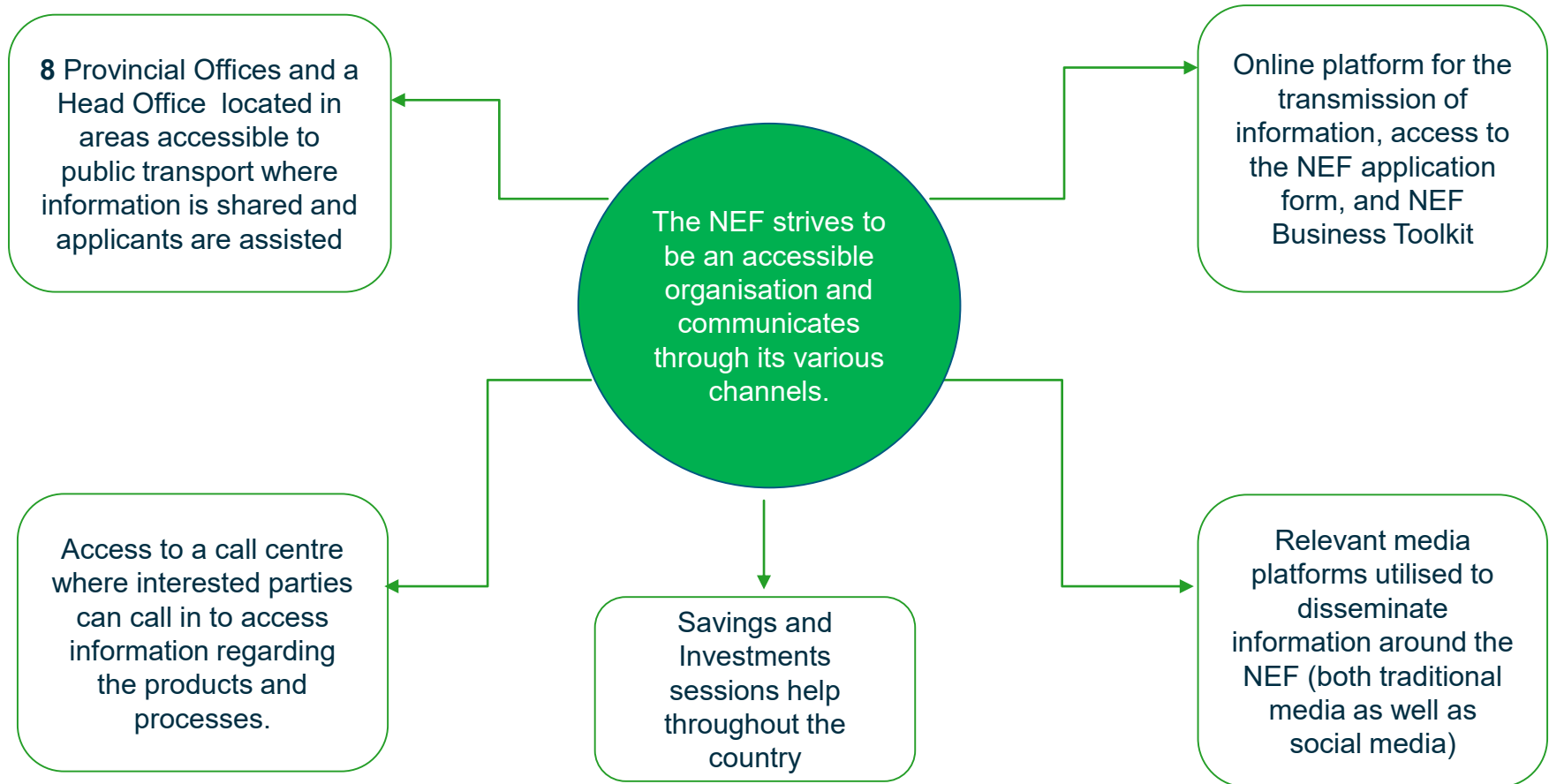
- Where the client appeals the resolution of the Head, the complaint is referred to the Divisional Executive.
- A complaint should be resolved within seven (7) days and a written response be given to the complainant.
- The Divisional Executive to formally communicate the decision to client.



TIER 3

- Where a client continues to appeal, the matter will be referred to the Complaints Advisory Panel to conduct an independent review of the complaint
- Panel ensures due process was followed and the client was treated fairly and communicates the outcome/decision to the COO and CEO within 14 days.
- COO and/or CEO to communicate the outcome decision to the client and close out the matter.

CUSTOMER REACH AND COMMUNICATION BY THE NEF



ADJUDICATION PROCESSES AND AFTERCARE – ABRIDGED PROCESSES BY THE NEF

- Complaint Received and acknowledged withing three (3) days
- Complaints received through various channels to be registered with the Complaints Office and referred to the correct department for resolution.
- Manager to provide resolution within two (2) weeks and keep the Complaint Officer in copy.



RESOLVED

- Inform complainant in writing (Manager).



UNRESOLVED

- Escalate Complaint to Divisional Executive where required (Complaint Officer)
- Escalate complaint to Executive Committee if complaint not resolved within one (1) months (Compliance Function).

APPLICATIONS FOR THE 2022/23 FINANCIAL YEAR

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APPLICATIONS

- From April 2022 to July 2022, **the dtic** has received about 304 application for key incentive programmes, averaging to 76 per month.
- IDC has received 340 application over the last 5 months, with an average of 68 per month.
- The NEF has received 873 applications over the last 5 months with an average of 175.

THE DEPARTMENT OF TRADE AND INDUSTRY (the dtic)

OVERVIEW OF INCENTIVES

Industrial Financing Support

Overview of Incentive Support by the Industrial Financing Branch

Business Incentives are administered through **the dtic's** Industrial Financing Branch, which aims to increase the accessibility of industrial financial measures to support investment in priority sectors in line with approved sector master plans.

Incentives are grouped into 8 main clusters namely:

MANUFACTURING INVESTMENT CLUSTER

This cluster provides incentives to promote additional investment in the manufacturing sector. Support for increased economic activity is prioritised for black industrialists, black owners and emerging black farmers as well as employment opportunities for previously disadvantaged individuals.



INNOVATION INVESTMENT CLUSTER

The innovation investment cluster provides funding for research and development of prototypes, as well as supporting innovation through testing of new profitable prototypes and their commercialisation in the Fourth Industrial Revolution (4IR).



SERVICE INVESTMENT CLUSTER

Aimed at encouraging increased investment and job creation in the services sector, the incentives in this cluster place focus on projects that create employment opportunities for the youth (aged 18-35 years). They also support the country's export revenue from offshoring services.



EXPORT PROMOTION CLUSTER

The incentives in this cluster aim to promote industrial competitiveness and growth of South African goods and services in the global economy by providing funding to showcase services and products to potential investors in the global market.



ECONOMIC REBUILDING CLUSTER

The purpose of the cluster is to provide funding to companies that have been affected by the unrest and includes the newly launched Critical Infrastructure Reconstruction Programme as well as the Manufacturing Competitiveness Enhancement Programme (MCEP) Economic Stabilisation Fund and The Economic Stabilisation and Rebuilding Fund. The latter two funds are partnership facilities with the IDC and the NEF, respectively.



INFRASTRUCTURE INVESTMENT CLUSTER

Providing grants for industrial infrastructure initiatives that are aimed at enhancing infrastructure, industrial development, and export of value-added commodities, this cluster ensures that the funded projects are primed to attract direct foreign investment.



COVID-19 SUPPORT MEASURED CLUSTER

Created with the intention to assist those companies that were severely impacted as a result of the pandemic as well as to increase the local manufacturing of medical supplies and equipment that combat the spread of COVID-19. The cluster comprises of the Essential Supplies Fund and the Economic Distressed Fund. These are partnership funds administered by the IDC and the NEF.

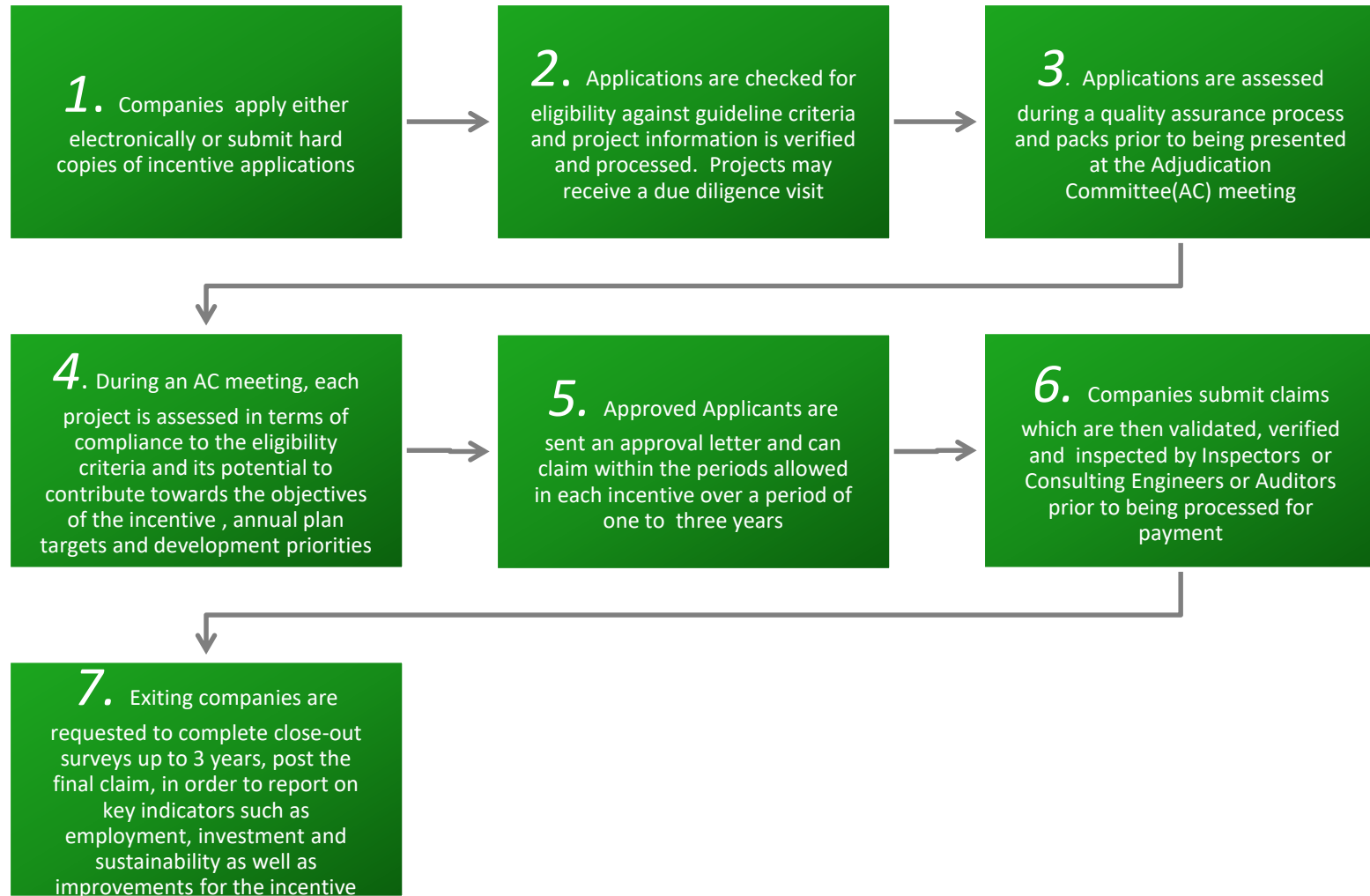


ECONOMIC INCLUSION CLUSTER

This cluster promotes transformation of black entrepreneurs and enterprises inclusive of women-owned. It currently consists of two incentives, namely, the Women Empowerment Fund and the Black Business Manufacturing Fund. These are partnership funds administered by the NEF.



OVERVIEW OF THE PROCSESSES FROM APPLICATION TO POST INCENTIVE MONITORING



IFB ONLINE INCENTIVE SYSTEM (OIS)

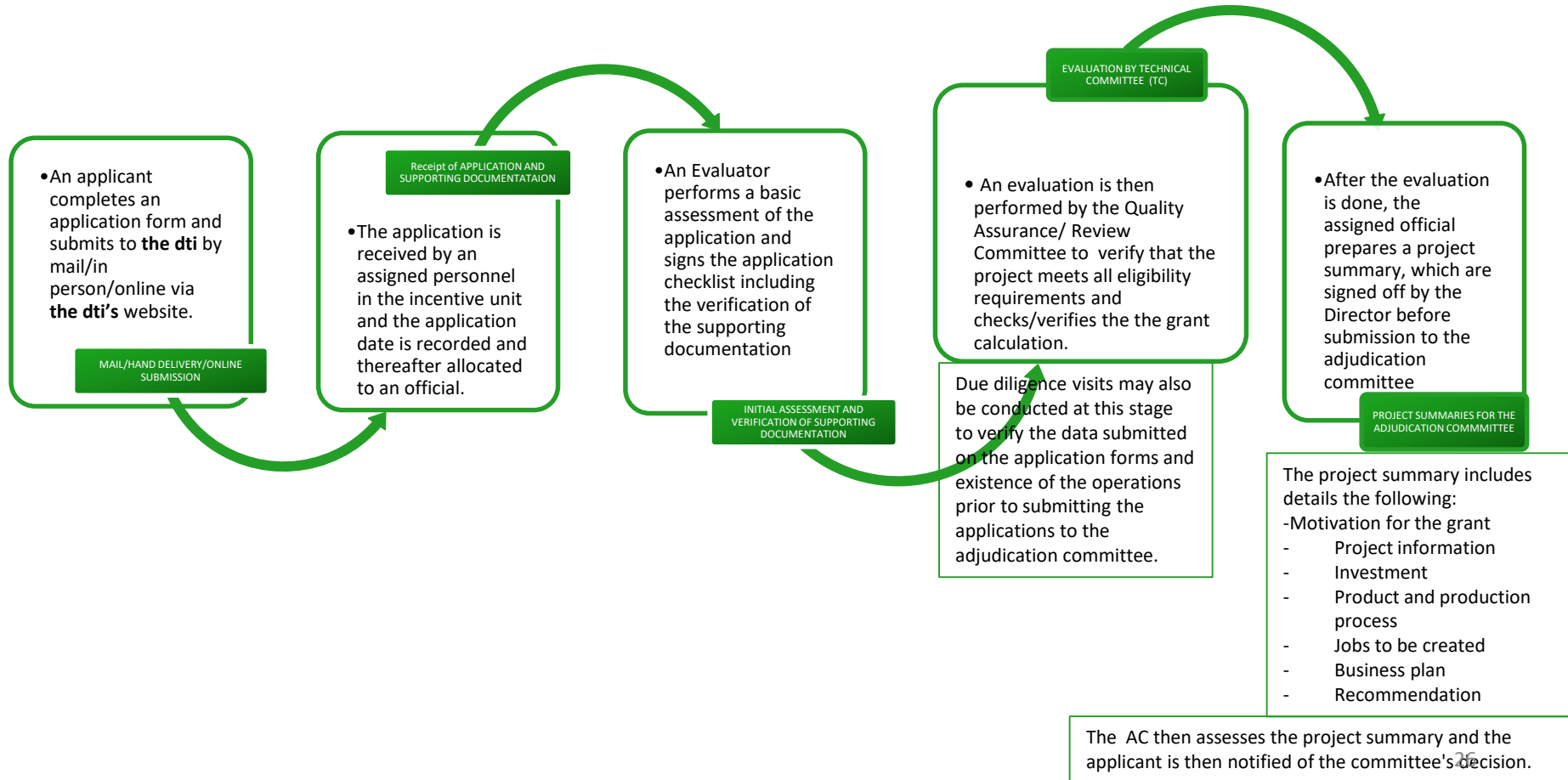
PROGRESS TO DATE

- Online Incentive system going live 1 September 2022 for the EMIA.
- The system offers client interface to make it simpler and easier for applicants to apply for an incentive grant through a seamless process and improves service delivery to the public.
- It enables **the dtic** and the client to determine the status of an application or claim through a real time tracking platform. Digital client feedback at key stages of every application and claim for a more responsive and consistent client interface.
- BIS and APSS to go live in Quarter 3.

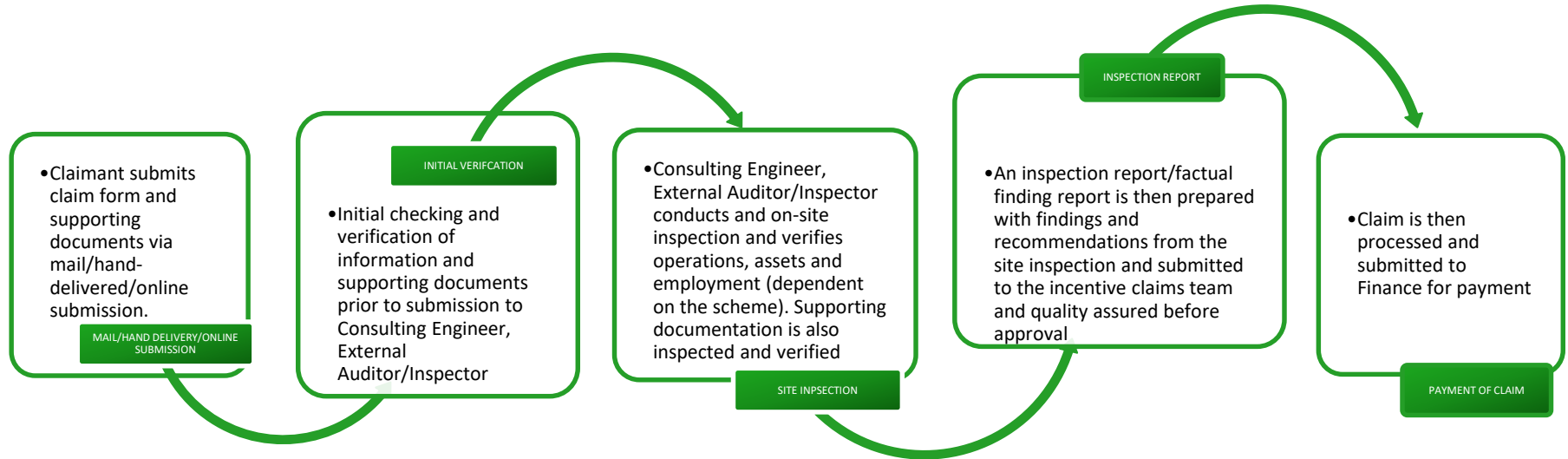
HOW TO ACCESS INCENTIVES

- Applicants can access the incentive forms from **the dtic** website: <http://www.thedtic.gov.za/> or from the Industrial Financing Portal: <https://industrialfinancing.co.za/>.
- Forms can be downloaded or in some instances completed online. To complete forms online, the user is required to register on **the dtic** system: <https://oisportal.thedtic.gov.za>.
- Hard copies can be obtained directly from the branch that is located at **the dtic** campus or via regional **the dtic** offices. The branch can be contacted via email and via a national contact center. An email address is available under each incentive on the website.

APPLICATION PROCESS AND ADJUDICATION COMMITTEE



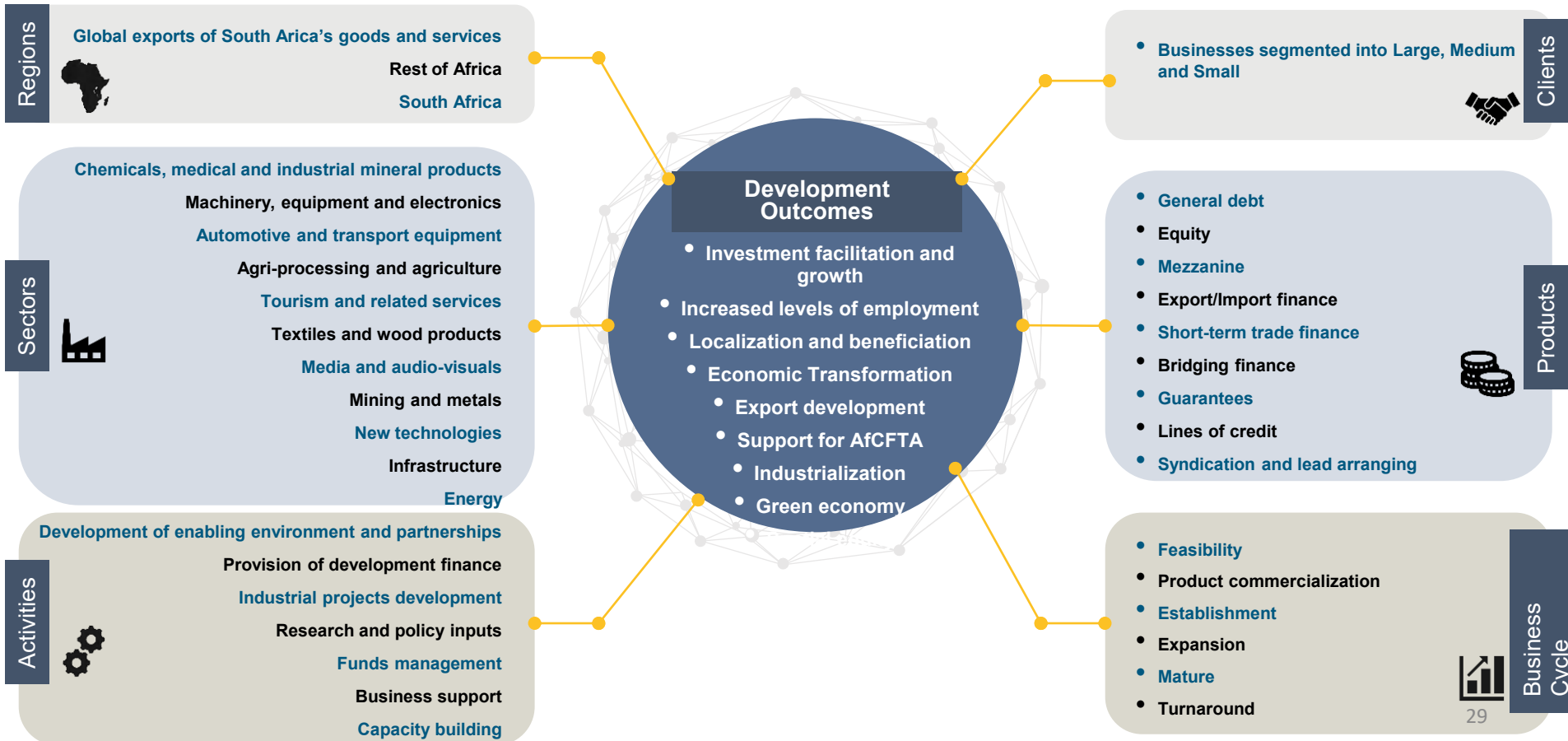
CLAIMS AND VERIFICATION PROCESS



INDUSTRIAL DEVELOPMENT CORPORATION (IDC)

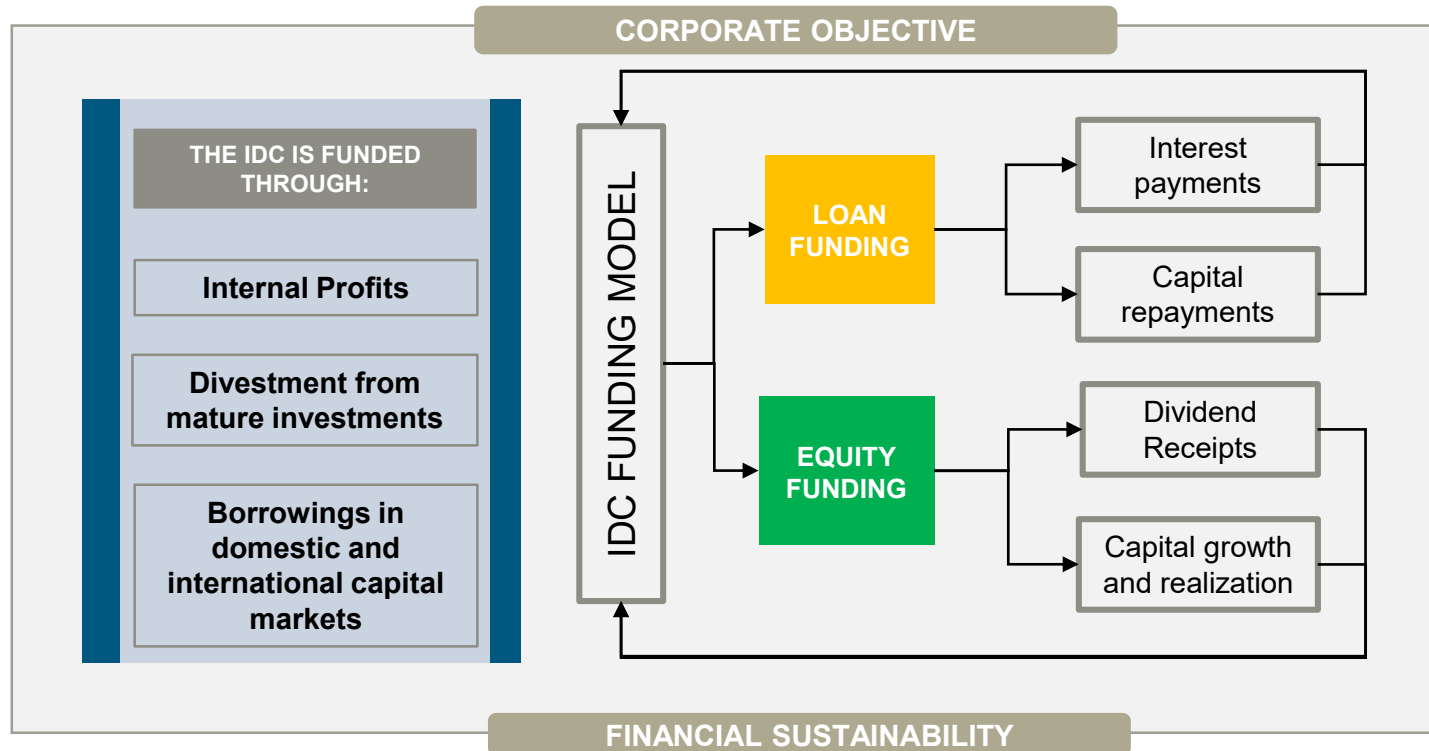
OVERVIEW OF THE IDC

The IDC provides a wide range of products and services to assist our clients



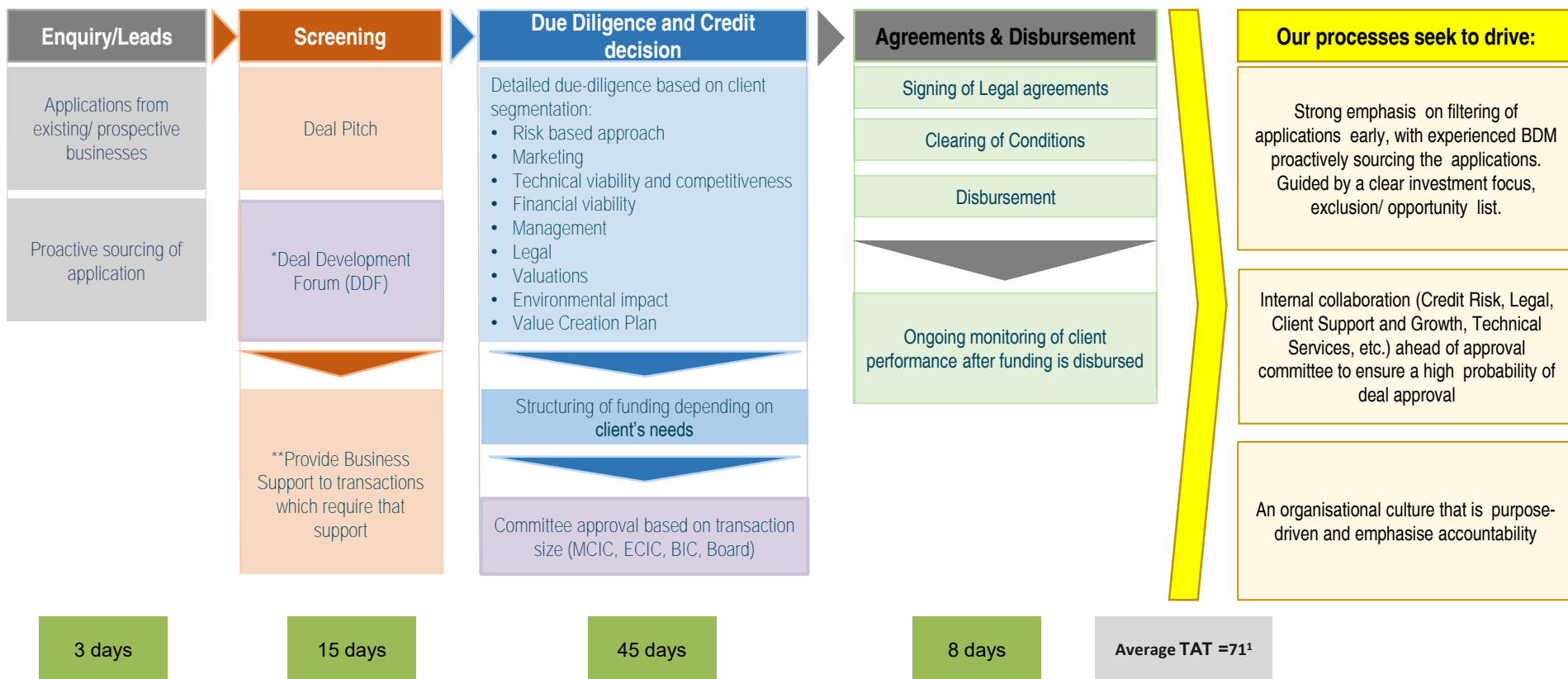
OVERVIEW OF THE IDC

The IDC has a self-funding and sustainable funding model



Proceeds from these funds are used to repay borrowings, cover costs and grow balance sheet to re-invest in future businesses. IDC does not get allocations from National Treasury.

OVERVIEW OF THE DEAL ASSESSMENT PROCESS



Internal Capabilities/Resources: SBU sectors, Credit Risk, Legal Service, Technical Services, Compliance & Regulatory Affairs Departments

*DDF submissions to be based on defined criteria

** Transactions that lack on key areas in their application, provide bespoke business support, based on business need identified before transactions is considered for further assessment

IDC APPROVAL COMMITTEES

Board Investment Committee

- Considers transactions where the transaction exposure is above R300m but less than R1.5 billion and/or the counterparty exposure is between R500 million and R5 billion;
- Reviews transactions where the counterparty limit is breached, but recommends to the Board for approval;
- Considers transactions where sector, transaction or regional limits are breached
- Transactions R1.5 billion or more and/or the group counterparty is R5 billion and more are approved by Board

Composed of Non Executive Directors

Executive Credit & Investment Committee

- Considers transactions where the transaction exposure is R50 million and more, but less than R300 million and the group counterparty limit is R300 million and more but less than R500 million. .

Composed of Executives and External members

Management Credit & Investment Committee

- Considers transactions where the transaction exposure is below R50m and/or the counterparty exposure is below R300 million;

Composed of Management and External members

IDC POST INVESTMENT PROCESS

IDC's Post Investment Management Process is managed by a team of dedicated professionals

Post Investment Client and Portfolio Management and Monitoring

Client and Portfolio Management and Monitoring

[Manage and monitor Client health using a "health index" throughout the lifecycle]

Key activities in the healthy Client Management process

- Client performance, Value Creation Plan monitoring and reporting
- Governance and protection of IDC rights
- Subsequent draws and application of funds
- Collections [equity and debt]
- Follow-on funding participation
- Client valuations and impairments reviews
- Portfolio reporting, monitoring and insights
- Early stage and capability advisory
- Ad-hoc client requests and interventions

Planned Commercial Exits

- Debt and quasi-equity repayments or settlements
- Sale or redemption of shares
- Sale of businesses

Legal Services

Handover Client to Legal Services Division where the Recoveries, Business Rescue and Insolvencies [RBI] department takes on the responsibility and accountability for legal exit executions

Early interventions¹

At on-set of Stress and Struggles

- Letters of amendments
- Letters of demands and breaches
- Capability advisory support
- Active management of "Watch-List" clients
- Early turnaround advisory
- Deferments

Turnarounds and Business Rescues

Distressed Clients Turnarounds and Commercial Business Rescues

- Distressed Clients' detailed reviews
- Turnaround plan development and implementation
- Restructurings
- Follow-on funding participation
- Commercial business rescues

Forced Commercial Exits

- Debt settlements
- Sale or redemption of shares
- Sale of business as a going concern

Legal exit execution

- Legal recoveries
- Legal business rescues
- Insolvencies
- Write offs and closures
- Settlements
- Liquidations

Supported by enabling Governance, Risk Management, Portfolio Insights and Administrative Processes

¹See summary on next slide

IDC POST INVESTMENT PROCESS

Early Interventions are managed by a dedicated Capability Advisory Services Function



Description of the Function

Early stage supports Clients primarily in the SME growth segment through providing specialist skills, knowledge and expertise



Objectives of the Function

Provide knowledge and expertise on how start-up and early-stage clients can be empowered and equipped to realize growth and profitability



Activities

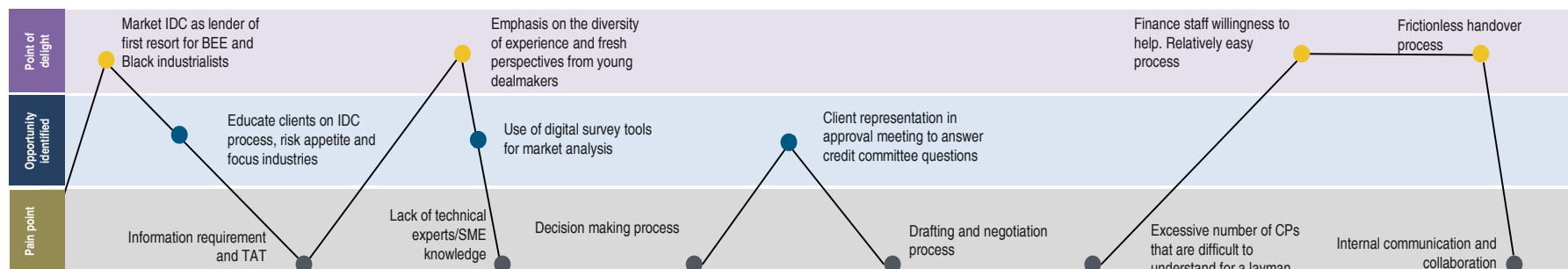
- Train and coach clients to build capabilities such as:
 - General Management skills, Financial management, HR processes, Operations management and Marketing
- Provide domain knowledge and expertise to support clients to realize profit and growth such as:
 - Markets and Value chain insights, Manufacturing and Technologies
- Support SME growth team in assessing clients and develop the Value Creation (VC) plans

IDC CONDUCTED AN IMPROVEMENT PROCESS TO IMPROVE TURNAROUND TIMES WHICH HAVE BEEN A PAIN POINT IN THE DEAL DEVELOPMENT PROCESS ...

We have done benchmarking with peers and learned from our clients about their experience with the IDC...



Client Journey Map



30%

of respondents highlighted that the approval process and IDCs decisiveness was a pain point

70%

of respondents found IDC to be attractive to BEE entrepreneurs with a appetite for risk and flexibility

70%

of respondents mentioned the deal execution times as a pain point

"The IDC is a jewel and should be protected at all costs; and further capacitated where necessary."

Source: Client

Optimisation of client experience is a key focus with a project being undertaken in 2021 and improvement implemented. Through client surveys and effective complaints management, we are seeking to continuously learn and improve the way we operate and engage with clients

LEARNINGS FROM POST UNREST RESPONSE ARE BEING USED TO IMPROVE SMALL BUSINESS FINANCE PROCESSES

THE SMALL BUSINESS FINANCE UNIT HAS ADAPTED THEIR PROCESSESS AND APPROACH TO BETTER MEET THE FINANCING NEEDS OF SMEs



Mandate of Small Business Finance Unit is being reviewed with an eye for high impact opportunities

Streamlining constant improvement and tweaking of processes to improve performance

Digital Platform developing a paperless end-to-end IDC digital platform to further streamline and scale SME lending with faster decision turnaround times

Partnerships using the strengths of others to expand impact and scalability

The Small Business Team at the IDC have developed **the 4 differentiated due diligence approaches** in order to improve operational performance and effectiveness

THE NATIONAL EMPOWERMENT FUND (NEF)

OVERVIEW OF THE NEF

Funding provided by the NEF

The NEF is a Government-owned development financier whose mandate is to promote and facilitate black economic participation through the provision of financial and non-financial support to black-owned and managed businesses across the country's economic sectors. NEF funds across all sectors of the economy from R250 000 up to R75 million. The following are some of the Funds that support the NEF in carrying out its mandate.

RURAL AND COMMUNITY DEVELOPMENT FUND (RCDF)

The aim of the Rural and Community Development Fund is provide funding to aspiring rural entrepreneurs and to facilitate skills transfer and operational involvement by community groups thereby promoting social and economic upliftment in pursuant of the NEF Mandate.



iMBEWU FUND

iMbewu Fund's principal objective is to support black entrepreneurs to start new businesses and provide expansionary capital to existing ones.



uMNOtho FUND

uMnotho Fund, designed to improve access to BEE capital, offers five financial products.

These are:

- Acquisition finance
- Project finance
- Expansion finance
- Capital Markets finance
- Liquidity and Warehousing finance



Programmes managed by the NEF on behalf of the dtic

WOMEN EMPOWERMENT FUND (WEF)

This financial product is aimed at accelerating the provision of funding to black women-owned businesses.

Funding which includes start-ups, expansions and equity acquisition, starts from R250 000 to R75 million across a range of sectors of the national economy.



COVID-19 BLACK BUSINESS FUND (COVID-19 FUND)

This Fund is aimed at facilitating funding for black entrepreneurs to manufacture and supply a range of medical products to help the country flatten the curve of COVID-19 coronavirus.



BLACK BUSINESS MANUFACTURING FUND (BBMF)

The Black Business Manufacturing Fund, which focuses on value-addition, supports black-owned companies involved in the manufacturing value chain.

The focus includes the processing of raw materials into inputs for finished goods, conversion of raw materials into finished goods and adding value into semi-finished and finished goods such as processing products for consumption.



ADJUDICATION PROCESSES AND AFTERCARE

Deal Origination	Screening	Due Diligence	Approval Stage	Legal Stage	Post Investment/Aftercare
<ul style="list-style-type: none"> Proactive Marketing 	<ul style="list-style-type: none"> Pre-Investment basic evaluation 	<ul style="list-style-type: none"> Screened Report referred to Funds' Due Diligence Committees 	<ul style="list-style-type: none"> Approval by IC (3 meetings per week. Mon, Wed & Fri) 	<ul style="list-style-type: none"> Loan Agreements drafted in-house (1 day) 	<ul style="list-style-type: none"> Files handed to POIU– Allocated to Post IA Initial hand over site visit thereafter at least quarterly Regular risk ratings performed by POIA, minimum once a year. Mentorship provided Collection of monies due by Finance Dept. Monthly PMC Meetings Distressed investments transferred to TWR
<ul style="list-style-type: none"> Investment team networks 	<ul style="list-style-type: none"> Detailed screening by IA's 	<ul style="list-style-type: none"> Electronic DD performed based on of deal (1 day) 		<ul style="list-style-type: none"> Collection of conditions precedent 	
<ul style="list-style-type: none"> Referrals from external stakeholders (e.g. deal originators, business incubation centers & other government agencies) 		<ul style="list-style-type: none"> Final Investment Paper reviewed (1 day) 		<ul style="list-style-type: none"> Funds disbursed 	
<ul style="list-style-type: none"> Walk-in Clients (NEF Head Office & Regions offices – in 7 provinces) 		<ul style="list-style-type: none"> Credit Risk Assessment Process (1 day) 		<ul style="list-style-type: none"> Funds disbursed 	
On-going	1 day	3 days	2 days	1 day	On-going

Turnaround of ca 7 days up to legal agreements for ready deals

ADJUDICATION PROCESSES AND AFTERCARE

- **Adjudication of Transactions**

- Flexibility of convening meetings was paramount to ensuring an effective rapid response solution.
- A special committee was established comprising of the following stakeholders:
 - Members of NEF Board Investment Committee;
 - Members of NEF Exco Investment Committee;
 - Members of Manco;
 - Credit Risk Department; and
 - Members from **the dtic**.
- The members of the committee convened meeting at least twice a week and ensured that should there be urgent requests the NEF could respond by enabling the ability of the NEF to call meetings as and when required.
- All transactions that required more than Exco mandate were ratified with the Board Committees via round robin to avoid bottlenecks in securing approvals.

- **Credit Risk Assessment**

- New dynamic templates allowed for upfront risk assessment (this saved a whole week in the process).

- **Legal Due Diligence Processes**

- Upfront collection of principal documents truncated the time to taken to process disbursements.
- Standardised Legal agreement templates make it easier to understand and for clients to turn around signed agreements in a short space of time.

ADJUDICATION PROCESSES AND AFTERCARE – MEASURES TO PREVENT FRAUD & CORRUPTION

- Due Diligence and site visits conducted on applications including assessment of jockey.
- Independent Credit Risk assessment and background checking process.
- Approval committee consists of various individuals including Exco members, Credit Risk Manager, Board Investment Committee members etc.
- Disbursements made to supplier's as far as possible unless it is for working capital.
- Supplier Verification – mini DD's done on supplier such as reference checks etc.
- Use of AVS (Account Verification Service) to ensure valid company paid.
- Post Investment monitoring within two weeks of disbursements – additional capacity being recruited to manage increased volumes.
- Fraud awareness sessions with staff.
- Exploring use of other Credit assessment tools.
- Credit assessment tool used by NEF (Experian) will indicate if there has been a credit enquiry on the client by any other institution who also uses Experian (currently IDC uses Experian).
- The Credit Risk template created specifically for the Economic Recovery Fund transactions requires the deal team to enquire if the applicant has applied with other DFI's for the same funding and incentives. This is currently done via relationships with other DFI's by the deal team.
- A clause in our application requesting applicants' permission for the NEF to share their information with other DFI's.
- A clause is inserted in the application forms where an applicant confirms that they have not applied for relieve funding from other DFI's.

Aftercare Services

- Once the money has been deployed into the economy, the businesses and management teams have access to the following:
 - Monitoring for purposes of adding value to the businesses and to ensure compliance to the agreements;
 - Technical mentorship support for businesses that require assistance (e.g. marketing, technical efficiencies, etc.);
 - Back-office support in the form of provision of management accounts and compliance to the statutory requirements (e.g. VAT, UIF registration; etc.);
 - Market access for the acceleration of meaningful participation;
 - Turnaround support for distressed investees; and
 - Education and training interventions such as promotion of saving and investments, social facilitation, entrepreneurial training, investor education and corporate governance training.
 - All of the above contribute to the recovery of capital outlaid resulting in the sustainability of the NEF portfolio.
- The above aftercare interventions have, over the years, assisted NEF investees with growth in their equity value.

ADJUDICATION PROCESSES AND AFTERCARE – ABRIDGED PROCESSES

As the scale of the destruction and the urgent need became clear, a significant re-think of the investment processes of the NEF was conducted to ensure an agility in the response to the apparent need.

- **Investment process improvements** – Digital and physical information packages distributed to affected businesses that were visited or called, support provided by investment professionals to collate submissions e.g., reconstructing management accounts from applicants' bank statements, using an abridged application form and shorter investment reports and short-form legal agreements, streamlined disbursement process.
- **Increased frequency of investment committee meetings** (twice a week at least) allowed for the investment professionals to present transactions as soon as they were ready. The Investment committee meetings allowed for adjusted Delegation of Authority which saw approvals of up to R15 million approved in one sitting of a blended Investment Committee, comprised of both Management, Executive and Board Members.
- **Participated in weekly progress meetings led by the Minister of the dtic** which assisted in ensuring better collaborations and coordination of the activities with the Industrial Development Corporation.
- These improvements saw the **NEF's standard 6 – 8-week approval processes reduced significantly** during the ERF fund approvals. Further to this the continues to NEF strives to see disbursements processed within a month of approval.

Thank You