



**Portfolio Committee on Trade, Industry and  
Competition - 28 August 2024**

# **EXPORT CREDIT INSURANCE CORPORATION OF SOUTH AFRICA SOC LTD (ECIC)**

**ECIC Annual Performance Plan and Budget for the 2024/25  
Financial Year**

# ECIC VISION AND MISSION

## **Vision**

To be a world-class export credit insurer in facilitating South African export trade and cross-border investment globally.

## **Mission**

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



## ECIC MANDATE

Enabling Act is the Export Credit and Foreign Investments Insurance Act, Act No. 78 of 1957, as amended. Presently, under review by **the dtic**.

ECIC is a schedule 3B entity and is subject to the supervision and regulation by the Prudential Authority and Financial Services Conduct Authority in terms of the Insurance Act, 2017.

Since its inception the mandate of ECIC has been the facilitation of export trade and cross-border investments. Historically, ECIC has been supporting capital goods exports and services. In 2021, the ECIC mandate was expanded beyond capital goods exports. The authorisation to support non-capital goods exports lays the basis for ECIC to insure consumer goods and short-term export transactions with a tenor of less than two years. ECIC is currently implementing a short-term insurance strategy which was approved by the Board in 2023.

On 15 May 2024, the ECIC mandate was extended to cover Euro-denominated transactions. This presents new opportunities in new markets addressing the request from both exporters and SA banks.



# OPERATIONAL AND STRATEGIC OBJECTIVES 2024/25

ECIC has 9 operational objectives with 15 targets linked to **the dtic's** strategic objectives of:

- 1) Industrialisation
- 2) Transformation; and
- 3) Capable State

The Corporation's objectives are developed based on the alignment of the ECIC mandate with Government priorities as represented by the Reimagined Industrial Policy and Strategy Review, Industrial Sector Master Plans, the National Development Plan (NDP), and South Africa's Economic Recovery and Reconstruction Plan.

Through the current ECIC insurance activities, the Corporation directly contributes to the implementation of the AfCFTA.

The Corporation's expanded mandate will enhance the ECIC contribution to **the dtic** AfCFTA Export Plan and to the direct and indirect creation of jobs, value addition and competitiveness in export markets.



# OPERATIONAL OBJECTIVES 2024/25

## ECIC Tier One Strategy Map

**Customer /  
Stakeholder**

**Stakeholder and  
customer engagement**

**Finance**

**Enhance financial  
sustainability**

**Contribute to trade  
facilitation that results  
in job creation**

**Internal Processes**

**Improve business  
processes and systems**

**Improve staff  
efficiency**

**Embed risk  
management practices**

**Organisational  
Capacity**

**Improve Employee  
Value Proposition**

**Enhance  
transformation**

**Enhance corporate  
governance**



# STRATEGIC OBJECTIVES 2024/25

- **INDUSTRIALISATION AND GROWING THE ECONOMY**

1. Contribute to trade facilitation that results in job creation
  1. Value of approved transactions - \$570 million
  2. Number of approved transactions – Four
  3. Value of approved transactions within expanded sectoral coverage - \$80 million
  4. Export Passport Programme – Seven beneficiaries

- **TRANSFORMATION**

2. Enhance transformation
  5. B-BBEE Level 1



# STRATEGIC OBJECTIVES 2024/25

- **BUILDING A CAPABLE STATE**

3. Improve employee value proposition
  6. Retention of at least 85% of staff
4. Improve business processes and systems
  7. Implement 90% of multi-year Business Process Automation Plan
5. Improve staff efficiency
  8. Employee cost to average revenue below 31%
6. Embed risk management practices
  9. Zero breaches of ECIC risk appetite limits
  10. Risk Maturity Survey – Level 3 across at least 75% of metrics
7. Enhance financial sustainability
  11. At least 5% increase in equity
  12. Operating cost from underwriting activities below R164 million



# STRATEGIC OBJECTIVES 2024/25

## 8. Stakeholder and customer engagement

13. Click-Through Rate on the AfCFTA media campaign of 0.20

14. Employee Engagement Survey – Score of at least 70%

## 9. Enhance corporate governance

15. Clean audit

1. with no repeat findings
2. and no more than 3 new findings on Audit Committee Report
3. (judgmental differences not considered)





# CONTRIBUTION TO THE DTIC APP 2024/25

## the dtic Output

- Output 4: R400 billion in manufacturing exports to the rest of Africa
- Output 6: R30 billion in support programmes
- Output 8: R8 billion in financial support to SMMEs, and Women- and Youth-Empowered businesses
- Output 9: R7,5 billion in financial support to enterprises in labour absorbing sectors
- Output 12: 1 million jobs supported or covered by master plans

## ECIC targeted contribution

- \$9,8 million / R174 million
- \$650 million / R1,6 billion
- R1 million
- USD15 million / R263 million equivalent
- 5 000 jobs
- 2 000 jobs



Output 13: 100 000 jobs to be created

# CONTRIBUTION TO THE DTIC APP 2024/25

## the dtic Output

- Output 25: 10 business forums aimed at supporting increased FDI, exports and outward investment hosted
- Output 32: 1000 case studies of firms, workers, entrepreneurs, professionals or communities impacted by the dtic measures; including 12 local films/documentaries telling the SA story
- Output 37: 5 conferences, summits and international forums hosted
- Output 40: 10 High-impact measures to reduce red tape or improve turnaround times in administration of incentives and work of agencies

## ECIC targeted contribution

- Participation in four
- 36 case studies
- Participation in two
- Measurement of Export Passport Programme



# OPPORTUNITIES

- ECIC Export Passport Insurance Facility
  - To support the ECIC Short-Term Insurance product launched in November 2023, the R1,5 billion Export Passport Insurance Facility is available for 2024/25.
  - The Export Passport Insurance Facility will provide insurance support to any financing facility (i.e., Working Capital Facility, Bond products or Trade Credit Insurance) provided by any of the South African Commercial Banks, IDC, DBSA or NEF, or vendor financing from the exporter.
- ECIC insurance cover in Euros
  - This was approved by the Minister on 15 May 2024
  - New enquiries which are coming from Francophone countries can be supported to allow South African exporters to seize new opportunities in new markets.
  - By diversifying its insurance portfolio across different currencies, ECIC can spread its risk and reduce the potential impact of any single currency's volatility.
  - In addition, the repatriation of Euro currency in South Africa offers an advantage of diversifying the foreign currency reserves basket.



# KEY CHALLENGES

- Legal proceedings
  - ECIC received summons from an insured client challenging the ECIC rejection of an insurance claim. ECIC intends defending any legal proceedings that may be initiated.
- Ghana
  - With Ghana defaulting on external debt, discussions around the restructuring of the debt has been taking place with an MOU finalised with its bilateral creditors (including ECIC);
  - ECIC has already paid insurance claims on Ghana projects to the value of \$167 million
  - Under the above MOU, ECIC will only begin obtaining salvages in 2039;
  - This puts a huge cashflow and tax burden on the Corporation.



# KEY CHALLENGES

- South African local challenges
  - Loadshedding for the manufacturing sector
  - Logistical challenges (Rail and Port) for exports
  - Loss of competitiveness
    - South African companies are no longer winning contracts on the continent
- African continental challenges
  - Slow post-Covid 19 recovery
  - Fiscal challenges leading to sovereign debt restructuring (Ethiopia, Zambia, Egypt, Zimbabwe, Ghana)
  - Pockets of instability (Mozambique, DRC, Sudan)
- Global challenges
  - Slow global economic recovery
  - Ukraine – Russia war
  - Rigid monetary policies

# BUDGET

STATEMENT OF FINANCIAL PERFORMANCE('000)						
	2024-actual	2025	2026	2027	2028	2029
Insurance revenue	478 914	431 998	633 926	918 541	1 122 142	1 207 048
Insurance service expenses	-1 498 024	343 266	-50 728	-115 561	-169 823	-197 091
Net (expenses)/income from reinsurance contracts held	18 486	-12 240	-37 295	-90 532	-152 238	-189 071
<b>Insurance service result</b>	<b>-1 000 624</b>	<b>763 024</b>	<b>545 903</b>	<b>712 447</b>	<b>800 081</b>	<b>820 887</b>
Net finance expenses from insurance contracts issued	-58 389	84 014	40 671	-150 325	-238 723	-264 070
Net finance income from reinsurance contracts held	8 699	-2 043	8 989	72 599	94 786	92 632
<b>Net insurance result</b>	<b>-1 050 314</b>	<b>844 995</b>	<b>595 563</b>	<b>634 721</b>	<b>656 144</b>	<b>649 449</b>
<b>year-on-year movement</b>		<b>180%</b>	<b>-30%</b>	<b>7%</b>	<b>3%</b>	<b>-1%</b>
Assessment fees	-	1 649	1 087	1 448	290	-
Other Operating expenses (Excl. Investments and SED & ESD Contributions)	-106 806	-154 095	-160 934	-170 179	-181 691	-187 113
<b>year-on-year movement</b>		<b>31%</b>	<b>4%</b>	<b>5%</b>	<b>7%</b>	<b>3%</b>
Bonus services	23 615	-27 236	-27 166	-29 173	-29 722	-33 731
Investment Income	671 778	469 564	544 526	690 599	791 952	860 162
<b>year-on-year movement</b>		<b>-30%</b>	<b>16%</b>	<b>27%</b>	<b>15%</b>	<b>9%</b>
Investment management expense (Incl. Operating expenses)	-28 275	-30 506	-40 262	-55 054	-62 375	-68 810
IMU income	155 505	162 488	167 881	173 600	205 909	229 386
<b>year-on-year movement</b>		<b>4%</b>	<b>3%</b>	<b>3%</b>	<b>19%</b>	<b>11%</b>
IMU expenses	-55 386	-39 446	-22 386	-14 891	-8 161	-3 176
Other income	98	-	-	-	-	-
Interest expense	-1 896	-1 563	-1 131	-642	-958	-2 547
<b>Profit Before Tax (before SED &amp; ESD Contributions)</b>	<b>-391 681</b>	<b>1 225 856</b>	<b>1 057 179</b>	<b>1 230 430</b>	<b>1 371 388</b>	<b>1 443 620</b>
SED & ESD Contributions (4%) (Incl. Operating expenses)	-8 580	-27 086	-32 347	-48 922	-45 590	-45 389
<b>Foreign Exchange gain/(Loss)</b>	<b>-</b>	<b>216%</b>	<b>19%</b>	<b>51%</b>	<b>-7%</b>	<b>0%</b>
Foreign Exchange gain/(Loss)	-195 291	131 209	-262 949	-7 831	-0	-0
<b>Profit Before Tax</b>	<b>-595 551</b>	<b>1 329 979</b>	<b>761 882</b>	<b>1 173 677</b>	<b>1 325 797</b>	<b>1 398 231</b>
<b>year-on-year movement</b>		<b>-323%</b>	<b>-43%</b>	<b>54%</b>	<b>13%</b>	<b>5%</b>
Taxation	37 109	-216 382	-354 531	-316 861	-304 573	-316 445
<b>Profit/(Loss) After Tax</b>	<b>-558 442</b>	<b>1 113 597</b>	<b>407 352</b>	<b>856 816</b>	<b>1 021 224</b>	<b>1 081 785</b>
<b>year-on-year movement</b>		<b>299%</b>	<b>-63%</b>	<b>110%</b>	<b>19%</b>	<b>6%</b>

## Net insurance results

2024 : The R1 billion loss is largely due to a claims provision raised for the fifth project in Ghana and changes in estimates relating to claims recoveries for claims previous paid.

2025 to 2029: The increase is due to underwriting new business coupled with the reversal of a claims provision in 2023 for two of the projects which are in dispute

## Net investment income

Medium to long term rates are used for the budget. On an annual basis, the returns differ significantly due to market movements. The high returns in 2024 were due to the high allocation to global equities.



# BUDGET

STATEMENT OF FINANCIAL POSITION (R'000)						
	2024-Actual	2025	2026	2027	2028	2029
<b>ASSETS</b>						
Equipment	22 931	21 230	15 638	10 389	36 900	29 903
Investments	7 021 763	8 862 053	9 129 768	12 822 206	15 236 238	16 652 860
Loans and receivables	408 825	940 871	4 074 394	2 159 312	1 006 377	172 866
Reinsurance contract assets	84 615	200 724	1 303 225	1 744 731	1 721 277	1 577 089
Insurance contract assets	1 840 892	2 570 926	2 653 897	2 461 859	2 139 490	1 960 279
Cash and Cash Equivalent	1 301 787	48 527	51 545	52 476	52 476	52 476
Deferred tax	-	35 186	24 608	21 346	21 346	21 346
Current tax receivable	323 815					
<b>Total Assets</b>	<b>11 004 628</b>	<b>10 108 590</b>	<b>14 599 177</b>	<b>16 810 460</b>	<b>18 074 614</b>	<b>18 506 540</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share Capital and Premium	316 051	316 051	316 051	316 051	316 051	316 051
Foreign Currency Translation Reserve	4 627 215	3 856 071	4 514 240	4 661 999	4 623 680	4 623 680
Other OCI Reserves	(134 784)	(103 107)	(74 500)	(66 259)	(66 463)	(66 463)
Retained Income - Previous Years	3 946 341	4 348 164	5 461 754	5 869 106	6 725 921	7 786 100
- Current Year	(558 442)	1 113 590	407 352	856 815	1 060 179	1 081 785
<b>Total Equity</b>	<b>8 196 380</b>	<b>9 530 769</b>	<b>10 624 897</b>	<b>11 637 712</b>	<b>12 659 368</b>	<b>13 741 153</b>
<b>Liabilities</b>						
Insurance contract liabilities	1 887 404	2 660 635	5 823 229	7 172 134	7 289 267	6 614 753
Deferred Tax	179 228	-	-	-	-	-
IMU liability	444 097	304 121	221 624	138 263	70 054	21 893
Trade and other payables	273 021	134 223	542 891	293 360	143 105	36 882
Lease Liabilities	19 224	15 271	10 097	4 662	30 897	25 911
Employee benefit liability	5 274	34 497	30 337	26 188	21 414	26 228
<b>Total Liabilities</b>	<b>2 808 248</b>	<b>577 822</b>	<b>3 974 281</b>	<b>5 172 748</b>	<b>5 415 246</b>	<b>4 765 387</b>
<b>Total Equity and Liabilities</b>	<b>11 004 628</b>	<b>10 108 590</b>	<b>14 599 177</b>	<b>16 810 460</b>	<b>18 074 614</b>	<b>18 506 540</b>

## Total assets and liabilities

The reduction in 2025 is due to the appreciation of the Rand against the USD.

As we underwrite profitable business in 2025 to 2029 it results in an increase in:

- deferred profits (liability) on initial recognition
- Investment assets on receipt of premiums

## Equity

The increase is due to income earned by underwriting business and investments



# BUDGET

CASHFLOW STATEMENT (R'000)						
	2024-Actual	2025	2026	2027	2028	2029
<b>Cash flows from operating activities</b>						
Cash generated by underwriting activities	(2 221 447)	1 096 466	(94 818)	3 236 744	1 808 951	614 529
Interest received	550 052	469 564	544 526	690 599	791 952	860 162
Dividends received	67 649	-	-	-	-	-
Dividends paid		-	-	-	-	-
IMU Grant received	155 505	162 488	167 881	173 600	205 909	229 386
IMU Claims Paid	-159 517	(147 944)	(117 205)	(100 578)	(76 370)	(51 336)
Interest paid	-1 896	(1 563)	(1 131)	(642)	(958)	(2 547)
Taxation paid	(494 286)	(418 368)	(354 531)	(316 861)	(304 573)	(316 445)
<b>Net cash inflow from operating activities</b>	<b>(2 103 940)</b>	<b>1 160 642</b>	<b>144 722</b>	<b>3 682 861</b>	<b>2 424 909</b>	<b>1 333 748</b>
<b>Cash flows from investing activities</b>						
Net acquisition of fixed and intangible assets	(3 749)	(870)	(1 559)	(1 125)	(2 093)	(1 487)
Net (acquisition)/disposal of investments	1 071 005	(1 155 377)	(137 989)	(3 675 686)	(2 417 249)	(1 327 274)
Net proceeds on sale of fixed assets	51	-	-	-	-	-
<b>Net cash (outflow)/inflow from investing activities</b>	<b>1 067 307</b>	<b>(1 156 247)</b>	<b>(139 548)</b>	<b>(3 676 811)</b>	<b>(2 419 342)</b>	<b>(1 328 762)</b>
<b>Cash flows from financing activities</b>						
Lease payments	(3 614)	(4 394)	(5 174)	(6 050)	(5 567)	(4 987)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(3 614)</b>	<b>(4 394)</b>	<b>(5 174)</b>	<b>(6 050)</b>	<b>(5 567)</b>	<b>(4 987)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1 040 247)</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2 355 461</b>	<b>50 699</b>	<b>48 527</b>	<b>51 545</b>	<b>52 476</b>	<b>52 476</b>
Effect of foreign currency translation on cash and cash equivalents	1 599	-	-	-	-	-
Unrealised foreign exchange gain/(loss) on cash and cash equivalents	(15 026)	(2 172)	3 018	931	-	-
<b>Cash and cash equivalents at end of year</b>	<b>1 301 787</b>	<b>48 527</b>	<b>51 545</b>	<b>52 476</b>	<b>52 476</b>	<b>52 476</b>

## 2024

The R2 billion outflow from operations was due to insurance claims due to the defaults by the Government of Ghana.

The Corporation had to liquidate its investments and available cash to pay for these claims.

## 2025 onwards

The Corporation will be generating cash inflows from its operations and investing those to generate additional returns. The additional cash inflows will be flowing from both the existing and new business.







# THANK YOU