ESTABLISHED IN 2001

ECIC

EXPORT CREDIT INSURANCE CORPORATION OF SOUTH AFRICA SOC LTD

2022/23 - 2026 /27
STRATEGIC PLAN

YOUR EXPORT RISK PARTNER

1. ACRONYMS AND ABBREVIATIONS

BAC Report	External Audit Report to ECIC Audit Committee
B-BBEE	Broad-Based Black Economic Empowerment
ECA	Export Credit Agency
GOVERNMENT	The government of the Republic of South Africa
IBNR	Incurred but not yet reported
IFRS	International Financial Reporting Standards
IMU	Interest Make-up
JKPI	Joint Key Performance Indicator of **the dtic** and its entities
NDP	National Development Plan 2019-2024
PFMA	Public Finance Management Act
SAM	Solvency Assessment and Management prudential regulatory regime
SCR	Solvency Capital Requirement (regulatory capital required determined on standard formula)
SMART Principles	Specific Measurable Achievable Realistic and Timebound
SOC	State Owned Company
the dtic	The Department of Trade, Industry and Competition
USD	United States Dollar

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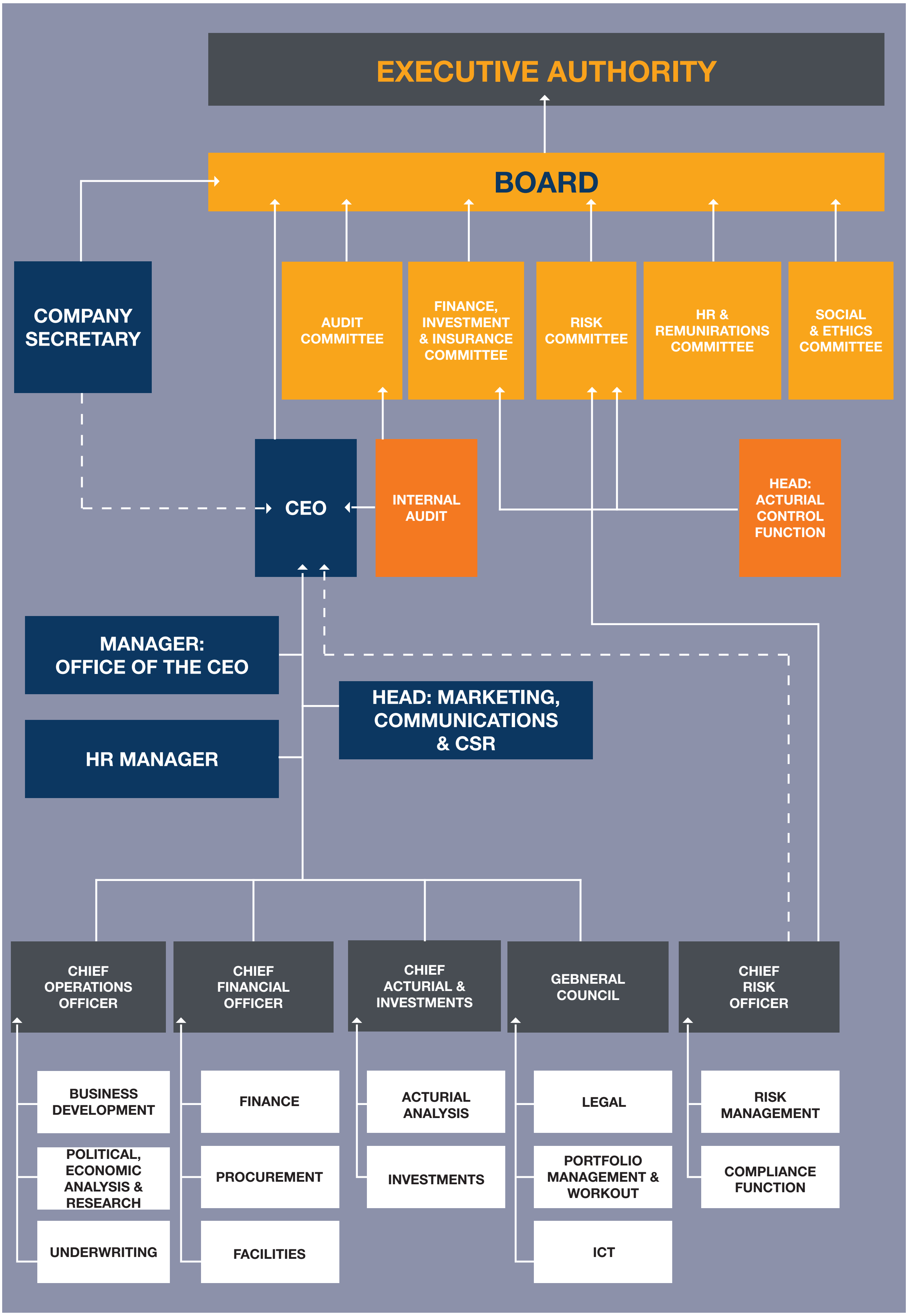
3. CORPORATE STRUCTURE



4. OFFICIAL SIGN OFF

It is hereby certified that this Strategic Plan was developed by the management of Export Credit Insurance Corporation of South Africa SOC Ltd ("ECIC") under the guidance of the Board.

The Strategic Plan accurately reflects the performance targets which ECIC will endeavour to achieve given the resources made available in the budget for 2022/23 - 2026/27.

Noluthando Mkhathazo:

Chief Financial Officer

Kutoane Kutoane:

Chief Executive Officer

Recommended for approval by:

Dheven Dharmalingam

Accounting Authority

5. FOREWORD BY MINISTER

The Strategic Plan identifies the outputs, output indicators and targets that an entity aims to achieve in the new financial year. The Executive Authority is responsible for providing direction on the development and implementation of policies and strategic priorities of entities in line with their respective mandates, and to ensure the Corporate Plan is aligned to government's priorities.

The environment in which the APPs and Strategic Plans of the Department of Trade, Industry and Competition (**the dtic**) and our entities have been formulated remains challenging, given the impact of the COVID-19 pandemic, the July 2021 unrest and more recently the Russia/Ukraine war. At the same time, determined efforts by the Administration has seen signs of economic recovery and greater investor confidence in economic prospects. In this light, Government's priority focus continues to be the recovery of growth, investment and employment, guided by the Economic Recovery and Reconstruction Plan adopted in 2020, and the tasks outlined by President Ramaphosa in the 2022 State of the Nation Address.

This Strategic Plan is expected to take forward the strategic shift initiated in 2021/2022 toward strengthened implementation and impact of **the dtic's** work, through greater integration of efforts within the department and our entities, guided by shared, crosscutting outcomes and joint performance indicators. In this regard, the work of **the dtic** and the entities will be evaluated in relation to three over-arching Outcomes (which incorporate the previous "Joint-KPIs") namely **Industrialisation**; **Transformation**; and **Capable State** (Implementation/ Effective Delivery). In this way these Outcomes more deliberately and directly inform respective outputs and KPIs of the department and entities.

In turn, the scope of the outputs collectively still encompass the identified **the dtic's** priorities, which include among others, the work of sector masterplans, initiatives to boost levels of investment and localisation in the economy, expanding trade within the continent, enabling better local economic development, supporting the growth of new industries (in the green economy and through beneficiation) and building a capable state, in particular addressing red tape as prioritised by the President in the 2022 State of the Nation Address.

Every entity in **the dtic** has been requested to align their Plans to the three outputs, it being recognised that a particular entity's core business links more clearly and strongly to one or the other of the overarching Outcomes, than to others.

This Strategic Plan represents the outcome of the work done by the Export Credit Insurance Corporation. Following the tabling of the APP by **the dtic** itself, each entity of the Department will be expected to consider such additional refinement and additions to be made and following completion of the review, such an addendum to this Strategic Plan may be submitted in due course after the tabling.

This Strategic Plan is therefore not about many new objectives but rather on a new way of implementation, with the focus on integration, to enhance the development impact of the work.

I accordingly table the Strategic Plan for 2022/23 – 2026/27 in accordance with the request by the Speaker.

I wish to thank the management and governance structures for the work done and wish them well in executing the Strategic Plan and aligning their work to government's overall programmes and priorities.

Ebrahim Patel
Minister of Trade, Industry and Competition

6. FOREWORD BY THE CHAIRMAN

The COVID-19 pandemic has impacted all of us in ways that we that we will only really understand and fathom in years to come. The now almost 2 years of economic, political and social uncertainty, served ECIC as an opportunity of reassessing our purpose, how we operate, our social compact and welfare of our staff. The learnings from this traumatic experience must not be wasted as we RESET our company purpose and the role we play in South Africa and the African Continent.

I commend the ECIC team for being agile and proactive in managing the business in these difficult times with accountability and a positive mindset. The energy and enthusiasm with which the ECIC team have adapted to remote working is palpable, and I have no doubt that it has played a major part in our achievements during this period. Going forward, the Board is acutely mindful that the Corporation find an optimal balance in in-person interaction which we believe is an important component in maintaining morale, workplace chemistry and productivity whilst maintaining the culture of the organization. Work-home life balance is certainly a key attribute of success.

The Board has fully committed to the embedding of Own Risk and Solvency Assessment ("ORSA"), which is integral to the Corporations risk governance system. ORSA is used to assess all risks and opportunities, based on an approved risk appetite, which drives capital management and ensures the sustainability of the Corporation. The current impact of the COVID-19 pandemic on our current and future insurance book has been evaluated by our ORSA system, with indicates that we exceed the minimum statutory and board approved solvency capital requirements.

During the past year, our country faced many challenges. South Africa's fiscal and external funding vulnerabilities, which are now significantly more pronounced in light of the sovereign credit rating downgrade. Consumer and Business confidence are at low levels, the disposable income of consumers remains under pressure in an environment where inflation is expected to increase, and unemployment remains stubbornly high. In this challenging environment ECIC demonstrates remarkable resilience. The Corporation remains committed to contribute to broad-based value creation in all aspects and will continue to contribute to the collaborative efforts between government, business and labour.

In light of the impact of COVID-19 on projects the Corporation has monitored the market movements in these aspects, and we have certainly observed a significant decline in optimism in regard to African economies specifically given the commodity price cycles yet this does not deter the Corporation in any way from backing projects in these countries. The diversification in most of these countries are equally resilient in the context of mining energy renewables, hydro, transportation, rail infrastructure and the Corporation continues facilitating export trade across South African borders.

The Corporation has accelerated in working diligently in increasing the digital realm. And perhaps this pandemic has given us the push we needed to consistently deploy digital methods throughout the Corporation. We have certainly picked up the pace and will continue to power ahead – with digital topics, digital solutions, products, remote services, and web-based communication formats that will take us into the future.

Of course, it is still difficult to predict the full economic impact that the COVID-19 pandemic will have on the Corporation given our clear strategic alignment, as set out in this strategic plan, and a portfolio guided by a global footprint the entire ECIC Board and I have every reason to be optimistic about the future.

Dheven Dharmalingam
Chairman

PART A:
OUR MANDATE

7. BACKGROUND

Export Credit Insurance Corporation was founded on 2 July 2001 in terms of the Export Credit and Foreign Investments Insurance Amendment Act, 2002 with the objective of providing political and commercial risk insurance on behalf of Government for the advancement of the regional and national economy.

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 short-term export transactions with a tenor of less than two years. The Addendum to the 2016 Agreement between the Minister and the Corporation, which became effective during the 2021/22 financial year, which authorises ECIC to insure non-capital goods and also identifies sectors related to the various Industrial Sector Master Plans concluded by **the dtic** from time to time as priority areas of focus (on a non-exclusive basis).

As a self-sustaining, limited liability and registered financial service provider (FSP 30656) and Schedule 3B entity under the Public Finance Management Act, 1999 (as amended), the Corporation is regulated by the Financial Sector Conduct Authority and the Prudential Authority, respectively, and is subject to legislation applicable to state-owned companies.

The Corporation's mandate is to make South African exporters attractive to international buyers to stimulate economic growth through export transactions that contribute to job creation and global competitiveness. The Corporation's insurance products facilitate international trade and protects financing institutions and exporters against the insured political and commercial risk events. The Corporation's particular focus is on Africa and other emerging markets outside the continent that are considered too risky for conventional insurers.

The competitive and collaborative landscape is within the international export credit agency market. The Corporation's competitive advantage derives from its footprint in Africa; substantial appetite for insuring against political risk despite political volatility; underwriting large, long-term projects with flexible terms and conditions that suit project-specific needs and cash-flow profiles.

PART B:

OUR STRATEGIC FOCUS

8. VISION

To be a world class export credit agency in facilitating South African export trade and investment globally.

9. MISSION

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

10. VALUES

The Corporation has five values being:

- **Integrity** - We strive to conduct every aspect of our business with honesty, integrity, and fairness.
- **Accountability** - We accept transparency and responsibility for our decisions and actions.
- **Excellence** - We are committed to the highest level of performance through continuous improvement of our skills and business practices.
- **Innovation** - We encourage open-mindedness and support innovation and the development of new ideas and processes for the continued improvement of our Corporation.
- **Teamwork** - We work together as a team internally and collaborate externally with our stakeholders and customers. We appreciate that as a team, we can achieve much greater things than as individuals.

These values are reinforced by the Code of Ethics and Business conduct “the Code “and are also reflected in our policies and procedures.

11. STRATEGIC OBJECTIVES OF THE ENTITY

11.1. Strategic Themes

- **Stakeholder and customer engagement**
  Engage with key stakeholders in order to know and understand their legitimate and reasonable needs, interests and expectations on an ongoing basis to assist in effectively executing on our mandate.

- **Grow the business**
  Increase market presence, customer-focused solutions, growth and diversification of our African presence and competitive pricing.

- **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 risk management practices to ensure a transformed and self-sustainable enterprise.

12. ECIC TIER ONE STRATEGY MAP

Customer / Stakeholder		Stakeholder and customer engagement	
Finance	Enhanced 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

To execute the strategy, the Corporation has identified 9 key strategic objectives as follows:

i. **IMPROVE EMPLOYEE VALUE PROPOSITION**
Maintain a competent and competitive workforce that is able to deliver on the business strategy and the achievement of the Corporation's objectives.

ii. **ENHANCE TRANSFORMATION**
To ensure a transformed Corporation.

iii. **IMPROVE BUSINESS PROCESSES AND SYSTEMS**
Automate business processes and systems to improve operational efficiencies of the Corporation.

iv. **IMPROVE STAFF EFFICIENCY**
Maintain an employee cost base within sustainable levels considering earned premiums over the medium-term.

v. **EMBED RISK MANAGEMENT PRACTICES**
Embed sound risk management practices to ensure a self-sustainable Corporation that transacts within risk appetite limits.

vi. **ENHANCE FINANCIAL SUSTAINABILITY**
Grow the business on a financially sustainable basis in order to fulfil the ECIC mandate of facilitating export trade and cross-border investments.

vii. **CONTRIBUTE TO TRADE FACILITATION THAT RESULTS IN JOB CREATION**
Proactively attract business from new and existing customers to facilitate more exports and cross border investments.

viii. **STAKEHOLDER AND CUSTOMER ENGAGEMENT**
Engage stakeholders, customers and employees for the improved facilitation of export trade and cross-border investments.

ix. **ENHANCE CORPORATE GOVERNANCE**
To ensure effective governance and internal control measures.

13. SITUATIONAL ANALYSIS

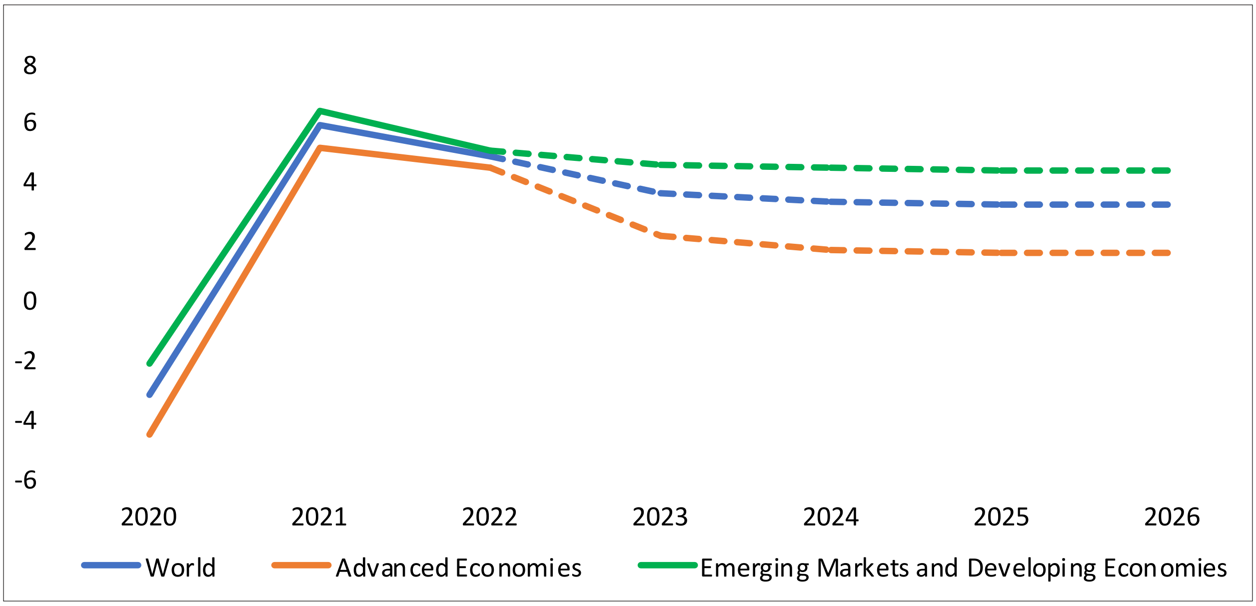
Global economic developments and outlook

Following a sharp decline of 3.1 percent in 2020, the global economy is expected to register a strong recovery of 5.9 percent GDP growth in 2021 and 4.9 percent in 2022. The recovery has been supported by accommodative fiscal and monetary conditions, and the fast pace of vaccination in developed countries which allowed for the easing of restrictions. To date 313 million COVID-19 cases and 5.5 million related deaths have been recorded over the duration of the pandemic. About 59 percent of the world's population has received at least one dose of the COVID-19 vaccine. However, only 8.9 percent of people in low-income countries have received at least one dose.

The divergence in vaccination rates across countries creates space for the emergence of new strains of the virus. Even though there is uncertainty around the path of the COVID-19 pandemic, experts predict that it will become an endemic disease and therefore be part of a normal life. Many countries have begun transitioning towards normalcy. European countries are already calling for COVID-19 to be treated as an endemic disease while the UK government is on a path towards transitioning from pandemic to endemic. In Africa, many countries including South Africa which experienced the highest number of Omicron infections, are maintaining very loose restrictions.

The main downside risk to the economic outlook is mutations of the virus resulting in outbreaks of new strains and prolonging the duration of the pandemic. This was seen during the emergence of the Omicron strain which made the international community more hesitant in removing restrictions. High debt levels, inflationary pressures and faster than expected tightening of global financial conditions can result in worse global economic outcomes.

Figure 1: Real GDP Growth (% change)



Data source: IMF

Pandemic related supply chain disruptions and higher commodity prices resulted in rapid increase in inflation in many countries. For the most part, price pressures are expected to subside in 2022. However, in some emerging markets and developing economies, price pressures are expected to persist because of elevated food prices, lagged effects of higher oil prices and exchange rate depreciation.

There was a sharp broad-based increase in commodity prices in 2021, led by industrial metals and energy commodities. The price increase was driven by a strong recovery in demand, supply chain disruptions and loose financial conditions. Commodity prices are expected to ease in 2022 on the back of improving supply and slowing demand. However, they will remain above historical levels due to a supportive macroeconomic environment.

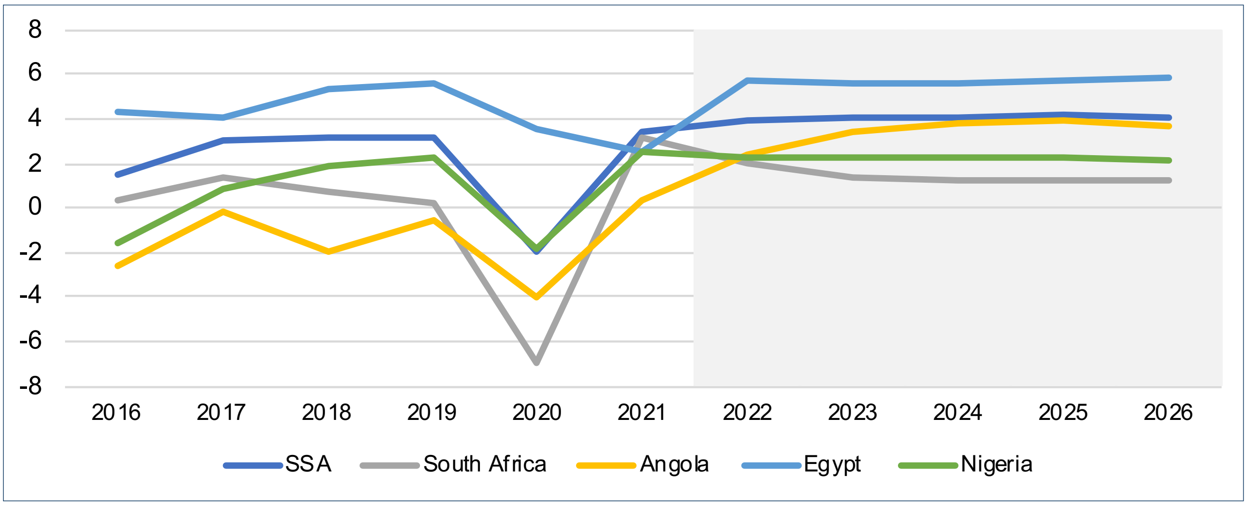
The resurgence of global economic activity in the first half of 2021 lifted merchandise trade above its pre-pandemic peak. As a result, merchandise trade is expected to grow by 10.8 percent and moderate to a growth rate of 4.0 percent from 2022. Supply-side issues such as semiconductor scarcity and port backlogs may strain supply chains and weigh on trade in particular areas, but they are unlikely to have large impacts on global aggregates. The pandemic itself presents the biggest risk to global trade, particularly if more deadly variants were to emerge.

High and rising debt levels for many countries which were exacerbated by the pandemic are a cause for concern. The pandemic weakened fiscal positions of many countries causing some countries to seek debt restructuring in the form of moratoriums, elongated tenors and through the suspension of debt repayments. High risk countries already faced high probabilities of sovereign default and thus the pandemic caused an even heavier debt burden to carry, especially for emerging and developing countries. Half of the 70 countries classified as low-income countries are now at high risk or are already in debt distress. The outlook on sovereign debt management is dependent on duration of the pandemic, international support in the form of debt service relief, more concessional financing to support domestic projects and an aggressive uptick in global trade as many countries are export dependent.

Regional economic developments and outlook

Africa's economy is expected to grow by 3.4 percent in 2021 following a 2.1 percent decline in 2020 (Figure 2). The recovery will be supported by a stronger global economy, resumption of tourism and a recovery in commodity prices. The impact of the pandemic on economic growth was uneven and so will be the recovery. East Africa showed more resilience as it was the only African region that had a positive growth rate in 2019. Southern Africa was the hardest hit region with a contraction of 7.0 percent. Three African major economies (South Africa, Nigeria, and Egypt) are expected rebound and register growth rates of over 2 percent. Whilst Angola's rebound in 2021 is expected to be tepid, over a five-year period (2022 – 2026) the country will register a stronger growth rate.

Figure 2: Real GDP Growth (% change)

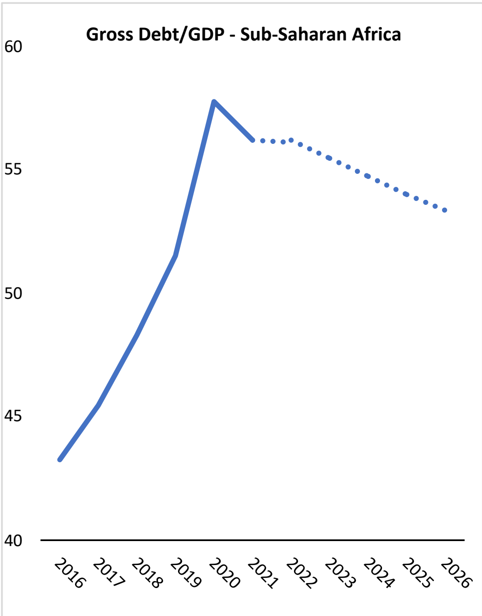


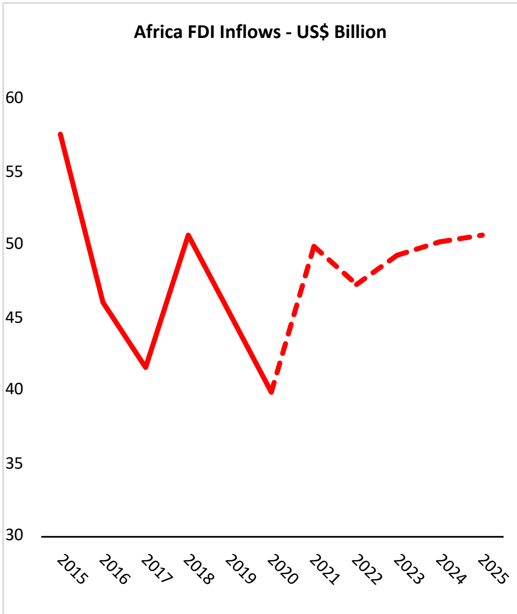
Data source: IMF

Africa's macroeconomic fundamentals have been weakened by the COVID-19 pandemic. The pandemic necessitated higher expenditure by governments, this together with tighter revenues resulted in a surge in fiscal deficits. Higher deficits and depreciation in exchange rates caused an increase in debt burdens (Figure 3) for many African countries and pushed some into debt distress and default. Tightening of global financial conditions will increase interest expenses and put pressure on debt burdens in the short term, debt levels are therefore forecast to remain above pre-crisis levels.

FDI flows into the continent declined by 12 percent from US$ 45 billion in 2019 to US$ 40 billion in 2020 (Figure 3). They are projected to rebound to US$49 billion in 2021 and stabilise afterwards. The recovery in commodity prices will in the short term make Africa an attractive investment destination and therefore increase FDI inflows. Over the medium-to-long term two factors will determine the strength of recovery of FDI flows to the continent. Firstly, Africa has strong ties with major global economies that seek to promote investment in infrastructure and industrial development on the continent, therefore the level of recovery will depend on various brownfield and greenfield projects on the continent. Secondly, the commencement of the African Continental Free Trade Area (AfCFTA) will spearhead regional integration, and this will lead to a boost in FDI flows to the continent.

Figure 3: Gross Debt/GDP and FDI Inflows





Data source: IMF

The continent is considered a high political risk except for a few countries including Algeria, Morocco, South Africa, and Botswana. Political instability in some African countries poise a downside risk to the overall economic growth over the medium to long term. The countries include Sudan, Mali and Guinea where the state presidents were removed through military junta and Mozambique, where there is militant activity in the northern Cabo Delgado province. In Ethiopia there is ongoing civil war in Tigray and surrounding regions and the Central African Republic has been in turmoil since 2013.

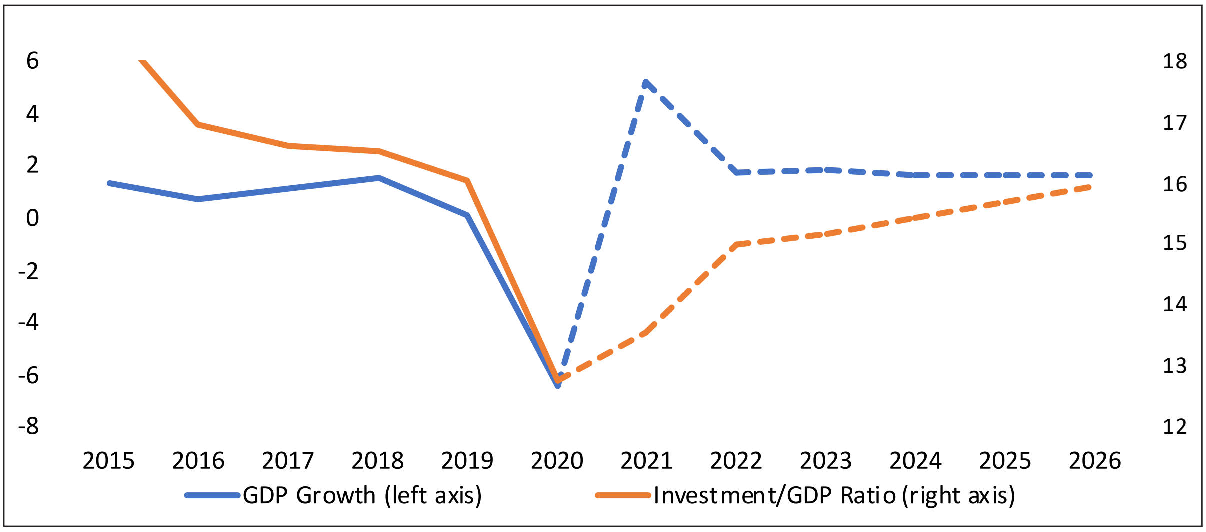
On a positive note, SSA presents strong investment prospects for consumer-focused companies. Populations in some of the country's major cities are projected to grow by more than 100 percent, cumulatively by 2030. The AfCFTA agreement, which was officially launched on the 1st of January 2021, will increase intra-Africa trade and boost incomes and employment across the continent. African countries are expected to invest more in physical infrastructure in support of greater regional trade and industrialisation.

South African economic developments and outlook

The recovery in South Africa's economic activity was mixed with a high GDP growth of 7.5 percent in the first half of 2021. In the second half of 2021, some sectors were hard hit by a combination of the COVID-19 third wave, public violence and disruptions to Transnet caused by fire and cyber-attacks. As a result, the economy contracted in the third quarter of 2021. Overall, GDP growth is expected to register a healthy bounce back of 5.2 percent in 2021. In the next five years economic growth is expected to return to its long-term trend with growth rates of 1.7 percent in 2022 and 1.8 percent in 2023 (Figure 4).

With an average value of 17 percent between 2015 and 2020, the ratio of investment in fixed capital to GDP remains far below the National Development Plan of 30 percent. Uncertainty induced by the pandemic, ongoing energy supply constraints and the July 2021 unrest have caused significant decline in investment in 2020 and 2021. Government's reforms to the energy sector including allowing up to 100 MW of self-generation and renewable energy procurement, implementation of other structural reforms will boost confidence and support the recovery in fixed capital formation.

Figure 4: GDP growth and Invesment/GDP Ratio



Data source: IMF

The sharp reduction of the repo rate in 2020 continues to provide support for consumer credit and household consumption. Mortgage advances, which account for around 59 percent of credit to households, reached a 12-year high of 7.4 percent in October 2021 as the reduction in interest rates stimulated demand for residential property. The reinstatement of the special COVID-19 social relief distress grant will support spending for lower-income households until March 2022. The South African Reserve Bank (SARB) began its path to interest rate normalisation, increasing the repurchase rate by 25 basis points to 3.75 percent. Going forward the SARB will increase the repurchase rate gradually and is likely to take over two years to increase the repurchase rate to pre-covid levels.

At industry level, there has been an uneven recovery from the pandemic-induced slump, with some industries having reached pre-pandemic output levels and others still experiencing persistent effects of the pandemic and affected by domestic challenges. Agriculture was largely unscathed and continues to expand. The sector grew by 13.4 percent in 2020 and is expected to grow by 11.8 percent in 2021, benefitting from favourable weather and demand conditions. Mining production has recovered to the pre-pandemic levels, supported in part by higher commodity prices.

Construction is the least recovered of all industries, operating at 79 percent of its pre-pandemic level. The manufacturing industry is showing a somewhat stronger recovery with expected output growth of 7.6 percent in 2020. Despite this the recovery is still incomplete with output in November 2021 coming out 6.1 percent lower than in November 2019. The tertiary industry is back to its 2019 level, lifted by finance, community and social services, despite transport and trade remaining depressed, reflecting the lingering effects of the COVID-19 waves and the associated lockdowns, particularly for the tourism industry.

The domestic economic recovery has additionally benefitted from stronger global growth, spurred by expansionary policy settings and wide-spread vaccination in advanced economies. However, stronger growth momentum has been held back, in large part by uncertainty and electricity shortages. Strides have been made in ramping up delivery on structural reform, these include increasing the limit for self-generation of electricity, paving way for private operators to establish commercial container handling operations.

Impact on the existing ECIC portfolio and pipeline

Management followed up on projects during the 2020/21 financial year to assess the impact of COVID-19 on the ECIC portfolio. A few projects in the portfolio had payment deferrals approved and/or restructured.

The combination of the global growth slowdown due to COVID-19, the sovereign credit downgrade, and low oil and commodity prices could hamper the future pipeline of the Corporation.

The opportunities and threats arising from the current situation are reflected on and addressed in this Strategic Plan as we look to reposition ourselves to assist SA companies in taking advantage of the African Continental Free Trade Area.

14. SWOT ANALYSIS

Internal Strengths and Weaknesses	
STRENGTHS	**WEAKNESSES**
• Open to cover African countries based on in-depth knowledge of the market • Flexibility in underwriting terms (tenor, risk rating etc.) • Strong adherence to governance principles • Skilled and competent workforce • Government backing as a shareholder • Peer recognition on large and complex projects • Strong balance sheet and solvency position	• Reliance on lumpy transactions • Limited experience in short-term trade credit insurance • Slow pipeline conversion

External opportunities and threats	
OPPORTUNITIES	**THREATS**
• Leveraging on strategic partnerships • Opportunities in the execution of the African Continental Free Trade Area (AfCFTA) • Advance the use of reinsurance • Expand the insurance cover to Euro-denominated transactions • Collaborate with other DFIs & ECAs • Leveraging technology to enhance and automate business processes • Enlarge funding sources for SA exports by broadening ECIC cover to non-SA financial institutions	• Sovereign credit downgrades • COVID-19 and other pandemics in the future • Ongoing competition from other ECAs and the private market insurance • Exchange rate volatility resulting in balance sheet erosion • Cyber security breaches/attacks • Vulnerability to large claim and/or several small claims

Strategies to address opportunities and threats

The SWOT Analysis is used to identify strategic targets that address the weaknesses and threats, and take advantage of the strengths and opportunities.

STRENGTHS-OPPORTUNITIES STRATEGIES • Improve employee value proposition • Improve staff efficiency • Enhance transformation • Enhance corporate governance • Embed risk management practices • Contribute to trade facilitation that results in job creation	**STRENGHTS-THREATS STRATEGIES** • Improve employee value proposition • Enhance financial sustainability • Stakeholder and customer engagement
WEAKNESS-OPPORTUNITIES STRATEGIES • Improve business processes and systems • Contribute to trade facilitation that results in job creation • Stakeholder and customer engagement	**WEAKNESS-THREATS STRATEGIES** • Improve business processes and systems • Contribute to trade facilitation that results in job creation • Stakeholder and customer engagement

15. ALIGNMENT TO GOVERNMENT PRIORITIES

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

South Africa's Economic Recovery and Reconstruction Plan includes a focus on increasing SA exports as an opportunity to further strengthen integration, trade and investment within the Africa continent taking advantage of the African Continental Free Trade Agreement. Through the current ECIC insurance activities, the Corporation directly contributes to the implementation of the AfCFTA.

ECIC will further contribute to the implementation of the AfCFTA through the introduction of the short-term insurance business line and the support of the priority sectors included in the various Master Plans as we seek to support a larger portion of the export value chain. The Addendum to the 2016 Agreement between the Minister and the Corporation, which became effective during the 2021/22 financial year, identifies sectors related to the various Industrial Sector Master Plans concluded by **the dtic** from time to time as priority areas of focus. 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.

The entity is also expected to report quarterly to **the dtic** on how, within its legal mandate, it has contributed to the achievement of the outcomes for the three Joint Key Performance Indicators (JKPI/s) for **the dtic** and its entities:

- **Joint Indicator 1: Industrialization and Growing the Economy**
  - o Building dynamic firms through a combination of efforts in partnership with the private sector, focusing on opportunities to grow in the domestic market (through localisation-promotion policies, sector partnerships, beneficiation, promoting the green economy and fostering higher levels of investment); fostering higher levels of African economic integration through the African Continental Free Trade Area (AfCFTA) and building a wider export market for SA-products; with supply-side reforms to build competitiveness.
  - o Containing the following areas:
    - Sector Partnerships: Master Plans (there are nine)
    - Localisation outcomes
    - Beneficiation initiatives
    - Covid industrial production
    - African and Global Exports
    - Green economy initiatives
    - Investment initiatives
- **Joint Indicator 2: Actions to Promote Transformation**
  - o Building economic inclusion through transformation programmes in three broad areas: first addressing structural challenges to growth through active competition policies, particularly where the concentration levels in markets limit new entrants and small and medium businesses; second, policies that promote spatial transformation, enabling more balanced growth between rural and urban and between provinces; and third, strengthening the inclusive/transformation in the quality of growth, including broadening ownership and more inclusive corporate governance models.
  - o Containing the following areas:
    - BEE promotion and review (black industrialists, women, youth)
    - Worker empowerment measures/outcomes, where appropriate
    - Structure of economy: addressing economic concentration and/or SME promotion
    - Township economy: measures to promote opportunities in the Township economy
    - District Model Reporting: key outputs and outcomes of an entity to be reported in the framework of the 52 spatial units, to the extent possible. Such reports to also include work that may affect SEZs and Industrial Parks, where relevant.
    - Integrated Delivery: entities to identify and implement measures to integrate their work with that of other public institutions in the 52 districts.

- **Joint Indicator 3: Building a Capable State**
  - o Building a new culture of partnership in the economy, characterized by greater responsiveness and nimbleness by the Department and entities, which includes reviewing internal processes and legislation/regulations that make it harder for small businesses and investors to grow their businesses (and replacing these with smart regulation that achieves key public policies in the least bureaucratic manner possible).
  - o Containing the following areas:
    - Building the entity staffing and governance capacity and quick-response
    - Shared-services with the dtic or between entities
    - Integration of work and mandates across relevant dtic-institutions
    - Rationalising functions between the department and entities
    - Addressing red tape and compliance in internal processes, including targets on turnaround times
    - Review of legislation and regulations affecting an entity to identify possible reforms to improve the ease of use to external users and create more agile institutions
    - Coordinating with other parts of the state to ensuring effective outcomes on mandates and the industrialisation/transformation agenda

The ECIC strategic objectives are aligned with the three themes contained in the abovementioned Joint Key Performance Indicators.

The below table “Alignment to the National Development Plan” details the alignment of applicable ECIC strategic objectives to the NDP, specifically the 2019-2024 Medium-Term Strategic Framework (MTSF) where **the dtic** is the lead/contributing Department.

The below table “Alignment to **the dtic** Joint Key Performance Indicators” details the alignment of the ECIC strategic objectives with the JKPIs.

ALIGNMENT TO THE NATIONAL DEVELOPMENT PLAN

MTSF Priority	MTSF Outcome	The dtic Strategic Focus Areas	ECIC Strategic Theme	ECIC Strategic Objective	ECIC Target
Economic Transformation and Job Creation	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	Achieve/Maintain a Level 1 B-BBEE Score
A better Africa and World	Increased Foreign Direct Investment (FDI) and increased exports contributed in economic growth	Expand markets for our products and facilitate entry to those markets	Grow the business	Contribute to trade facilitation that results in job creation	Value of deals underwritten
					Number of deals underwritten
					Value of approved transactions within expanded sectoral coverage
	Increased intra-Africa trade				Number of companies benefiting under the Export Passport Programme

ALIGNMENT TO THE DTIC JOINT KEY PERFORMANCE INDICATORS

Joint KPI	Relevance to ECIC Strategic Plan	ECIC Strategic Objective	ECIC Target
Industrialization and Growing the Economy	1. Sector Partnerships: Master Plans 2. Localisation programmes 3. African and Global Exports	Contribute to trade facilitation that results in job creation	Value of deals underwritten
			Number of deals underwritten
			Value of approved transactions within expanded mandate
			Number of companies benefiting under the Export Passport Programme
Transformation	1. BEE promotion and review 2. Worker empowerment 3. Structure of economy	Enhance transformation	Achieve/Maintain a Level 1 B-BBEE Score
	1. Structure of economy 2. Integrated Delivery (District Model Reporting)	Contribute to trade facilitation that results in job creation	Number of companies benefiting under the Export Passport Programme
Building a capable state	1. Building the entity staffing and governance capacity and quick-response 2. Addressing red tape and compliance in internal policies	Improve employee value proposition	Retention of staff
		Improve business processes and systems	Percentage (%) of prioritised business processes automated
		Improve staff efficiency	Employee cost to earned premium (3-year average)
		Embed risk management practices	No breaches on risk appetite limits over the 5-year period
			Risk maturity levels of the Corporation
		Enhance financial sustainability	% Increase in equity (excluding foreign exchange movements and related tax)
			Operating cost base of underwriting activities
		Stakeholder and Customer engagement	Corporate Reputation Index Performance (CRIP) score
			Culture Entropy score
		Enhance corporate governance	Clean audit with no repeat findings on BAC Report
	Integration of work on the core focus areas across the dtic institutions	Contribute to trade facilitation that results in job creation	Number of companies benefiting under the Export Passport Programme

16. BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

16.1. Board of directors

The ECIC Board is responsible for determining its strategic direction and ensuring that the implementation of the strategy is legislatively and regulatory compliant. The directors serve a maximum of two three-year terms each. The six Board committees include representatives from National Treasury and **the dtic**, as shareholder, and help the Board to fulfil its roles.

CHAIRPERSON
DHEVEN DHARMALINGAM

Age: 56
Qualifications: CA (S.A), Member of the Institute of Directors
Areas of expertise: Finance; Taxation and Insurance; Strategy; Change management and Organizational Redesign Position on other boards: NED and chairperson of the audit committee for HBZ Bank SA Limited, Executive Director of Companies with personal investments
Positions on other boards: NED and chairperson of the audit committee for HBZ Bank SA Limited, Executive Director of Companies with personal investments
Years of service: 4 years

EXECUTIVE DIRECTOR
KUTOANE KUTOANE

Age: 53
Qualifications: MA (Economics), Advanced Management Programme, Programme on Investment Appraisal and Management, Advanced Credit and Trade Finance.
Areas of expertise: Project finance, International trade finance, economics and investment management
Positions on other boards: None
Years of service: 9 years

INDEPENDENT NON-EXECUTIVE DIRECTOR
VUYELWA MATSILIZA, Cert. Dir.

Age: 54
Qualifications: MBL, BA Honours in Economics (Cum Laude), Secondary Teachers Diploma
Areas of expertise: Treasury management, Project finance, Corporate finance and investment management
Positions on other boards: Board member at Chris Hani Development Agency (CHDA)
Years of service: 9 years

INDEPENDENT NON-EXECUTIVE DIRECTOR
SIOBHAIN O'MAHONY

Age: 34
Qualifications: BSc (Hons) (Actuarial Science), Fellow of the Actuarial Society of South Africa, Fellow of the Institute and Faculty of Actuaries
Areas of expertise: Actuarial valuations, Asset-liability matching, Capital adequacy requirements and calculations, Analytics, Pricing and profitability (banking), Loyalty programme design and modelling
Positions on other boards: Executive Director of companies with personal investments
Years of service: 9 years

16.1. Board of directors (Continued)

INDEPENDENT NON-EXECUTIVE DIRECTOR
LERATO MOTHAE

Age: 45
Qualifications: CA (SA)
Areas of expertise: Auditing, Finance, Financial Management
Positions on other boards: The South African National Accreditation System (SANAS)
Years of service: 4 years

INDEPENDENT NON-EXECUTIVE DIRECTOR
DESHNI SUBBIAH

Age: 38
Qualifications: BSc Actuarial Science (Cum Laude), Fellow of the Actuarial Society of South Africa, Chartered Enterprise Risk Actuary (CERA), Post-Graduate Diploma, General Management (Distinction), Masters in Business Administration (MBA), Certificate in Investments from the Institute of Actuaries (UK)
Areas of expertise: Actuarial and Risk Management.
Positions on other boards: Land and Agricultural Development Bank of South Africa Life Insurance SOC Ltd, Land and Agricultural Development Bank of South Africa Insurance SOC Ltd
Years of service: 4 years

INDEPENDENT NON-EXECUTIVE DIRECTOR
LERATO MATABOGE

Age: 43
Qualifications: BA (Law and International Relations), Honours (International Relations), Masters (International Political Economy and International Trade and Global Finance), Certificates in Trade Negotiations, Bilateral Investment Treaty Negotiations and Project Management, Executive training In Infrastructure Project Conceptualisation and Preparation
Areas of expertise: Strategy, Trade and Investment
Positions on other boards: None
Years of service: 9 years

INDEPENDENT NON-EXECUTIVE DIRECTOR
SISA MAYEKISO

Age: 39
Qualifications: BCom Honours (Accounting), CA(SA), CFA
Areas of expertise: Strategy: Accounting, Treasury, Investment & Risk Management.
Positions on other boards: Executive Director of companies with personal investments, Southern African Music Rights Organisation – Board member, Mines 1970 Unclaimed Benefits Preservation Pension & Provident Fund – Board member
Years of service: 4 years

Photo not

included.

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR (National Treasury)
ERROL MAKHUBELA

Age: 45
Qualifications: BCom Finance and Economics, Post graduate diploma in the Law of Banking and Finance, Master of Business Leadership
Areas of expertise: Strategy: Economics, International Trade Finance, Strategy and Risk Management
Position on other boards: SANRAL
Years of service: 0 years

COMPANY SECRETARY
CHARLES JAARMAN KGOALE

Age: 42
Qualifications: LLB, Management Development Programme, Post Graduate Diploma Programme and Project Management
Areas of expertise: Strategy: Compliance and Corporate Governance
Position on other boards: Non- Executive Director (volunteer) Childhood Cancer Foundation (Non-remunerated)
Years of service: 4 years

16.2. Executive Management

The Chief Executive Officer (CEO) is responsible for the Corporation's day-to-day operations and is supported by the Chief Operations Officer, Chief Financial Officer, Chief Risk Officer, Chief Actuarial and Investments and General Counsel. Various units report to the CEO and his executive team. With the exception of the CEO, who is on a three-year contract with a three-month notice period, all other executives are permanent employees who are required to give a month's notice when resigning.

Executives are not bound by a restraint of trade agreement when leaving the Corporation.

CHIEF EXECUTIVE OFFICER
KUTOANE KUTOANE

Age: 53
Qualifications: MA (Economics), Advanced Management Programme, Programme on Investment Appraisal and Management, Advanced Credit and Trade Finance.
Areas of expertise: Project finance, International trade finance, economics and investment management
Positions on other boards: None
Years of service: 9 years

CHIEF FINANCIAL OFFICER
NOLUTHANDO MKHATHAZO

Age: 39
Qualifications: CA(SA), Management Advancement Programme.
Areas of expertise: Finance, auditing and financial management
Positions on other boards: None
Years of service: 12 years

CHIEF OPERATIONS OFFICER
MANDISI NKUHLU

Age: 53
Qualifications: B. Juris, LLB, Management Advancement Programme, Executive Leadership Programme, Senior Executive Programme
Areas of expertise: Law and Finance
Positions on other boards: None
Years of service: 16 years

CHIEF RISK OFFICER
JOHN OMOLLO

Age: 53
Qualifications: Master of Business Administration (MBA) Wits,
Certified Public Accountant of Kenya (CPA II, III)
Areas of expertise: Risk Management, Project & Structured Finance, Banking and Credit Rating of Financial Institutions
Positions on other boards: None
Years of service: 11 years

GENERAL COUNSEL
NTSHENGEDZENI GILBERT MAPHULA

Age: 50
Qualifications: BPROC (UNIVEN), LLB (UP), LLM (UP), LLM (UNISA).
Areas of expertise: Cross Boarder Financing, Export Credit Insurance, Political Risk, International Trade and Foreign Investments Project Finance and Sovereign Lending
Positions on other boards: None
Years of service: 16 years

CHIEF ACTUARIAL & INVESTMENTS
SIAS ESTHERHUIZEN

Age: 41
Qualifications: BSc (Financial Mathematics), BSc Hons (Actuarial Mathematics), FASSA (Fellow of the Actuarial Society of South Africa)
Areas of expertise: Actuarial pricing, reserving, capital modelling and risk management disciplines
Positions on other boards: None
Years of service: 6 years

17. DESCRIPTION OF THE PLANNING PROCESS

In developing the strategic plan, the Corporation has considered the National Development Plan as the overarching program that guides the government priorities of the current administration. This is captured in the table demonstrating the link between the ECIC objectives/initiatives and the objectives and vision of the National Development Plan.

Secondly, the priorities of **the dtic** were considered, to ensure that there is alignment between the ECIC objectives and **the dtic** priority areas. This alignment is captured in the table demonstrating the link between **the dtic** priorities and the ECIC mandate and initiatives.

A three-day workshop was held between management and the Board. The strategic themes and objectives will guide the programs to be implemented by the Corporation for the next three years. These strategic themes and objectives are captured in the strategic map which is a visual representation of how the strategy and the various themes and objectives work together on an integrated basis to enable the Corporation to achieve the intended results.

This allowed management and the Board to take stock of the external operational and competitive environment to help the Corporation to position itself better to address the current and impending challenges that are lurking on the horizon. This process has enabled the Corporation to develop programs, performance targets and measurements in line with the SMART principles.

The different programs of the Corporation are underpinned by a budget which is predicated on the ability of the Corporation to write new business to fulfil its mandate in the first instance, whilst ensuring that we generate sufficient levels of revenue to ensure financial sustainability of the Corporation as a going concern over the planning period and beyond. The overall financial plan ensures that the Corporation has adequate levels of capital and liquidity to meet the regulatory and operational requirements on a sustainable basis. The increase of the capital base is being pursued because it enables the Corporation to have bigger underwriting capacity towards the fulfilment of its mandate. The capital base will increase as a result of the growth in investment income and the underwriting profits.

The Board convened and approved the draft Strategic Plan at its meeting of 28 October 2021. Pursuant to the review of the draft strategic plan by **the dtic**, the updated Strategic Plan was approved by the Board at its 27 January 2022 meeting.

18. FINANCIAL PLAN

18.1 Projections of revenue, expenditure and borrowings

R'000	2022	2023	2024	2025	2026	2027
R'000 STATEMENT OF FINANCIAL PERFORMANCE						
Premiums Written	219 513	2 525 361	427 546	310 229	427 139	423 282
RI Premium	-	- 800 081	-	-	-	-
Net Premium	**219 513**	**1 725 280**	**427 546**	**310 229**	**427 139**	**423 282**
Change in Unearned premiums	549 222	-2 285 016	-141 251	29 966	-46 780	8 164
Change in RI Unearned premiums	-2 914	784 890	-33 789	-55 164	-67 121	-71 387
Change in Concentration risk	19 948	-11 619	24 616	44 984	32 732	38 243
Change in Unexpired risk	947	3 662	-9 685	1 896	1 627	1 314
Earned Premiums	**786 716**	**217 198**	**267 437**	**331 911**	**347 598**	**399 615**
Claims Incurred	**-668 308**	**-117 010**	**75 252**	**51 000**	**61 636**	**56 626**
Claims Paid	-	-809 085	-	-	-	-
Salvages Rec	78 022	80 767	67 691	68 090	68 867	60 127
Change in OCR provision	-746 330	611 307	7 560	-17 090	-7 232	-3 500
Assessment fees	895	900	648	591	-	-
Reinsurance commission	449	2 552	5 736	9 233	11 224	11 694
Operating expenses (Excl. Investments and SED & ESD Contributions)	-129 772	-143 648	-145 294	-148 053	-152 768	-157 963
Commission Paid	-194	-346	-226	-245	-267	-293
Underwriting results (before bonus)	**-10 214**	**-40 355**	**203 551**	**244 436**	**267 422**	**309 680**
Bonus services	-21 432	-23 056	-19 663	-20 351	-21 063	-21 800
Underwriting results (after bonus)	**-31 646**	**-63 411**	**183 888**	**224 085**	**246 359**	**287 879**
Investment Income	260 159	379 864	457 723	506 174	545 141	574 412
Investment management expense (Incl. Operating expenses and bonus)	-19 808	-50 466	-61 495	-70 099	-76 664	-82 151
IMU grant and expenses	730 666	211 876	214 609	224 794	233 914	161 103
Interest expense	-67	-1 222	-2 609	-2 078	-1 479	-826
Profit Before Tax (before SED &ESD Contributions)	**939 303**	**476 641**	**792 116**	**882 876**	**947 271**	**940 417**
SED & ESD Contributions (Incl. Operating expenses and bonus)	-20 483	-42 349	-13 547	-28 185	-30 563	-32 526
Foreign Exchange gain/(Loss)	224 995	90 439	-	-	-	-
Profit Before Tax	**1 143 816**	**524 732**	**778 569**	**854 691**	**916 708**	**907 892**
Taxation	-96 479	-17 333	-157 909	-176 371	-191 182	-209 101
Profit/(Loss) After Tax	**1 047 336**	**507 399**	**620 661**	**678 320**	**725 526**	**698 791**

The budget is prepared using the US Dollar (USD) functional currency in line with the requirements of the International Financial Reporting Standards. The functional currency is defined as the currency of the primary economic environment in which the entity operates while a foreign currency is defined as a currency other than the functional currency of the entity.

USD is the functional currency as a significant portion of the revenue was received from the USD revenue stream. The foreign currency risk is thus on the Rand transactions and not the USD transactions i.e., when an insurance claim is lodged, ECIC may need to utilise its Rands to purchase USD to pay USD claims. The foreign exchange movements are therefore based on Rand transactions.

When calculating the income tax liability and the spend for ESD and SED, the foreign exchange movements are based on USD transactions in terms of the Income Tax Act. This now creates a mismatch between the Profit Before Tax, Taxation, and ESD and SED Contributions as the last two items are not calculated on a USD functional currency basis.

18.2 Asset and liability management

R'000	2022	2023	2024	2025	2026	2027
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Equipment	4 321	39 747	30 875	22 538	15 142	6 392
Investments	9 002 438	9 089 470	10 166 166	11 401 789	12 320 152	13 081 527
Loans and receivables	570 272	2 086 883	1 602 021	841 589	656 305	603 848
Reinsurance assets	8 138	757 482	723 692	668 529	601 408	530 021
Cash and Cash Equivalent	55 278	53 528	53 528	53 528	53 528	53 528
Total Assets	**9 640 447**	**12 027 110**	**12 576 282**	**12 987 972**	**13 646 535**	**14 275 315**
EQUITY AND LIABILITIES						
Equity	2 701 735	2 449 093	2 448 869	2 448 869	2 448 869	2 448 869
Share Capital and Premium	316 051	316 051	316 051	316 051	316 051	316 051
Foreign Currency Translation Reserve	2 415 632	2 162 989	2 162 766	2 162 766	2 162 766	2 162 766
Other OCI Reserves	-29 947	-29 947	-29 947	-29 947	-29 947	-29 947
Retained Income	4 781 493	5 288 892	5 909 553	6 587 872	7 313 398	8 012 189
Total Equity	**7 483 228**	**7 737 984**	**8 358 422**	**9 036 742**	**9 762 267**	**10 461 058**
Liabilities	2 035 001	3 575 862	3 694 623	3 634 867	3 654 519	3 610 298
Provision for Outstanding Claims	798 778	191 027	183 467	200 557	207 789	211 289
Provision for Unearned Premiums Reserve	853 251	3 008 189	3 149 440	3 119 474	3 166 254	3 158 090
Provision for Unexpired Risk Reserve	382 972	376 646	361 715	314 835	280 476	240 919
Reinsurance deferred acquisition cost	1 253	129 686	123 950	114 717	103 493	91 799
Deferred Tax	3 838	3 838	3 838	3 838	3 838	3 838
IMU liability	69 145	46 695	30 535	17 605	8 104	2 165
Reinsurance liabilities	1 159	432 860	238 404	77 443	306	102
Trade and other payables	45 365	59 740	92 302	75 742	94 628	95 974
Lease Liabilities	140	37 144	30 759	23 448	15 684	6 255
Provisions	1 316	3 301	3 450	3 570	3 695	3 825
Total Liabilities	**2 157 219**	**4 289 126**	**4 217 860**	**3 951 231**	**3 884 267**	**3 814 256**
Total Equity and Liabilities	**9 640 447**	**12 027 110**	**12 576 282**	**12 987 972**	**13 646 535**	**14 275 315**

18.3 Cash flow projections

R'000	2022	2023	2024	2025	2026	2027
CASHFLOW						
Cash flows from operating activities						
Cash generated by underwriting activities	228 876	-262 104	588 610	704 331	351 450	252 139
Interest received	161 781	379 864	457 723	506 174	545 141	574 412
Dividends received	68 355	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
IMU Grant received	208 078	213 873	215 979	225 678	234 398	161 293
IMU Claims Paid	-186 801	-22 934	-17 529	-13 814	-9 985	-6 129
Interest paid	-67	-1 222	-2 609	-2 078	-1 479	-826
Taxation paid	-113 875	-17 333	-157 909	-176 371	-191 182	-209 101
Net cash inflow from operating activities	**366 346**	**290 145**	**1 084 265**	**1 243 919**	**928 343**	**771 789**
Cash flows from investing activities						
Acquisition of fixed assets	-2 537	-2 585	-1 185	-985	-1 652	-985
Net (acquisition)/disposal of investments	-4 178 960	-285 005l	-1 076 696	-1 235 623	-918 363	-761 375
Net proceeds on sale of fixed assets	13	-	-	-	-	-
Net cash (outflow)/inflow from investing activities	**-4 181 485**	**-287 590**	**-1 077 881**	**-1 236 608**	**-920 015**	**-762 360**
Cash flows from financing activities						
Lease payments	-3 256	-2 555	-6 384	-7 311	-8 328	-9 429
Net cash (outflow)/inflow from financing activities	**-3 256**	**-2 555**	**-6 384**	**-7 311**	**-8 328**	**-9 429**
Net increase in cash and cash equivalents	**-3 818 394**	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents at beginning of year	4 084 701	55 278	53 528	53 528	53 528	53 528
Unrealised foreign exchange gain/ (loss) on cash and cash equivalents	-211 029	-1 750	-	-	-	-
Cash and cash equivalents at end of year	**55 278**	**53 528**	**53 528**	**53 528**	**53 528**	**53 528**

18.4 Capital expenditure projects

The Corporation has plans to acquire computer systems to modernize its business processes. Improving business processes is one of the corporate objectives highlighted in the strategy. Total budgeted capital expenditure is per the table below:

R'000	2022	2023	2024	2025	2026	2027
Total capital expenditure	2 537	2 585	1 185	985	1 652	985

18.5 Infrastructure plans

The Corporation does not have infrastructure plans for the period 2022/23 – 2026/27.

18.6 Dividend policies

The Corporation follows the practice of no dividend payments.

18.7 Borrowing Plans

The Corporation has no borrowing plans.

18.8 Economic and financial assumptions

The exchange rates listed under below have been obtained from Bloomberg:

	2022	2023	2024	2025	2026	2027
USD/ZAR	15,5	15,0	15,0	15,0	15,0	15,0

Assumptions used for premiums and reserves

The budgeted written premiums are based on the renewal premiums for existing investment insurance policies and new investment insurance business, export credit insurance business and reinsurance facilities business (short term insurance) as per the pipeline. It is assumed that the approved projects will materialise at 100% and the pipeline not approved will materialise with a 60% probability. A budget for placeholders has been included from the 2024 financial year. In addition to the above, it has been assumed that USD370m of LNG Total Mozambique will be reinsured; re-insurance cover is effective from the 1st drawdown date. Written premiums are projected to increase substantially in 2023 to USD110 million due to MOZLNG and subsequently average at USD26 million per annum for the remainder of the strategy period.

It is assumed that 5% of expected UPP release will not realise due to non-repayments or restructuring of projects. This assumption has been made only for existing export credit business in repayment phase.

The budget assumes the current URR reserves run off over time, there is no allowance for additional policies requiring URR.

CRR is calculated as per projected exposures in line with premium probabilities of realising the exposure.

It is assumed that the Cenpower insured loan will be prepaid in March 2022.

The incurred claims are partly driven by the change in IBNR reserves. Given the lumpiness of ECIC exposures, it is difficult to estimate the size of potential future claims. This was determined by allowing for 1% for small and medium size projects below USD200m and 0.5% for mega projects above this exposure level. The IBNR is build up per month from April 2022 until March 2023. In the following years, the IBNR is adjusted as the exposure changes. In the forecast for 2022, there is no IBNR buffer as the current IBNR raised for the Liqhobong claim is higher than the amount calculated for potential future claims as mentioned above. It has been assumed that the Liqhobong claim will be paid in April 2022.

Assumptions used for Investments Income

The assumptions used for investment income considered 2 sets of information:

a) expected investment returns per asset class; and
b) expected asset allocation based on the new investment tranche strategy.

Other Assumptions for the Corporation's budget

- The budget presented is prepared in terms of the requirement of IAS 39 and IFRS 4. IFRS 17 and IFRS 9 are expected to apply during the strategy period from the 2024 financial year. The impact on the strategic plan will be taken into account in the next strategic budget cycle.
- Salvages were budgeted for existing agreements (Iraq, Zomay, Seychelles & BiWater: included in the actuals year to date).
- The following assumptions were applied on expenses:
  - The average increase of total operating expenses from 2021 to 2027 is 6% per annum.
  - Travel resumed at a small scale from the second quarter of the 2022 financial year.
  - Salary increment is between 3,5% and 4,5% per annum during the strategy period
  - Bonus based on the latest approved policy.
- IMU grant receipts will be limited to the cumulative claims paid from inception until the end of the strategy period.
- IMU grant receipts are exempt for tax purposes

Assumptions used for the short-term insurance business

- Written premiums are based on a probable pipeline. A probability of 60% was applied on pipeline projects.
- For calculation of the claims incurred; the claims ratio is assumed at 70% of the earned premiums.
- There is no budget assumed for salvages receipts.
- Investment of the USD premiums will earn investment income and incur management fees.
- Operational expenditure for business in ZAR will funded through a bank overdraft from the main business.
- The following direct expenses have been taken into consideration:
  - Personnel costs include bonus for the personnel to be appointed
  - Marketing expenses (30% of consolidated budget marketing expenses budget)
  - Travel expenses
- No indirect costs have been taken into consideration i.e., support and administration costs attributed from the main business.

PART C:
MEASURING OUR PERFORMANCE

JOINT KPI:
INDUSTRIALIZATION AND GROWING THE ECONOMY

19. CONTRIBUTE TO TRADE FACILITATION THAT RESULTS IN JOB CREATION

19.1. Purpose

To proactively attract business from new and existing customers to facilitate more exports and cross border investments.

19.2. Description

In five years, we will proactively attract business from new and existing customers to facilitate more exports and cross border investments. This program will include:

- Proactively conducting research in various countries and sectors to identify trade and investment opportunities for South African companies with the aim for the Corporation to match relevant players to those opportunities; and
- Implementing a business development plan that will seek to establish customer focused initiatives along regional, geographic and sector segments; develop initiatives to leverage on local presence and our strategic partners.

In the next five years the successful execution of this program will be demonstrated in the following key measures:

- Value of new projects approved;
- Number of new projects approved;
- Value of approved transactions within expanded sectoral coverage; and.
- Number of companies benefiting under the Export Passport Programme to be concluded between **the dtic**, ECIC, IDC and NEF.

Positive engagements with the Minister of Trade, Industry and Competition during the 2020/21 financial year contributed to an expanded mandate (which includes the coverage of non-capital goods and sectors where **the dtic** has concluded various Master Plans) which will enable the Corporation to have a greater economic impact on the export value chain and play an important role in the development of **the dtic** AfCFTA Export Plan and implementation of the Industrial Sector Master Plans.

The dtic currently has Master Plans for the following sectors which ECIC will look to cover:

- Automotive;
- Retail Clothing, Textile, Footwear and Leather;
- Poultry;
- Sugar;
- Steel and Metal Fabrication;
- Furniture

Pursuant to the meeting held with the Minister and the Deputy Minister of Trade, Industry and Competition, where the Development Finance Institutions (IDC, NEF and ECIC) within **the dtic** family and the department were challenged to collaborate much closer in pooling resources and embark on programmes that may move the dial in terms of tackling the societal challenges of unemployment and the need for economic inclusion.

ECIC will pursue a Cooperation Agreement to be concluded between **the dtic**, ECIC, IDC and NEF within 6 months of the 2022/23 financial year. **The dtic**, ECIC, IDC and NEF would be regarded as the Sponsors of the Export Passport Programme.

The new and energized element of the Export Passport Programme when compared with the Global Export Passport Programme currently offered by **the dtic**, is that the new programme will combine the exporter training elements with availability of export finance and guarantees that will be extended to the participating companies which will include potential exporters, emerging exporters and the specific needs of the established exporters.

The salient terms of the agreement is that all the four entities will pool their resources to support identified and selected eligible South African companies with different forms of support (within their mandates) in order to enable the selected companies to undergo an exporter incubator programme and/or go straight in to the export passport programme that will provide them with a customised export passport scheme that will assist them to enter the export value chain or increase their contribution in the export value chain. In this regard, the Export Passport Programme will focus on potential exporters, emerging exporters without neglecting established exporters with specific needs to enhance their market access or diversify their products and markets.

By export value chain, it means that the participants in the Export Passport Programme may be a sub-contractor to the ultimate exporter or be the ultimate exporter. Either way, the participants in the Export Passport Programme would be eligible for all forms of support on offer by the Sponsors of the Export Passport Programme. The role of ECIC in the Export Passport Programme is to provide insurance cover to NEF and IDC for finance granted to participants under the Export Passport Programme. The maximum insurance cover to be provided by ECIC will be 90% of the export-oriented loans (supply chain finance) or export credit loans. ECIC insurance cover under the Export Passport Programme may include cover for short term loans, working capital facilities, guarantees etc.

On approval of this Strategic Plan by the Minister which includes this Export Passport Programme, This Export Passport Programme will form part of the expanded mandate of ECIC (and in due course will be formalized in an agreement between **the dtic** and ECIC).

19.3 Performance indicators and performance targets (Contribute to trade facilitation that results in job creation)

Goal/ Outcome	Output	Performance Indicator/ measure	Actual Performance			Estimated Performance	Medium-Term Targets				
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2024/25	2024/25
Proactively attract business from new and existing customers to facilitate more exports and cross border investments	Facilitation of exports and cross border investments	Value of approved transactions.	USD496m	USD27,5m	USD894m	USD525m	USD550m	USD560m	USD570m	USD580m	USD590m
		Number of approved transactions	14 deals approved	3 deals approved	4 deals approved	4 deals approved	4 deals approved	4 deals approved	4 deals approved	4 deals approved	4 deals approved
		Value of approved transactions[1] within expanded sectoral coverage[2]	Not applicable[3]	Not applicable	Engagements held with the Minister for expanded mandate	USD55m	USD60m	USD70m	USD80m	USD90m	USD100m
		Export Passport Programme	Not applicable	Not applicable	Not applicable	A special session held with the Minister on Joint KPIs – collaboration between the dtic, and DFIs (NEF, IDC and ECIC)	At least 5 companies that are benefiting under the Export Passport Programme	Number of minimum beneficiary companies under the Export Passport Programme to be agreed annually.	Based on the annually agreed number of minimum beneficiaries	Based on the annually agreed number of minimum beneficiaries	Based on the annually agreed number of minimum beneficiaries

1 These transactions are in addition to the *"Value of approved transactions"* indicator.

2 These are the sectors identified in the Agreement between the Minister and ECIC effective from the 2021/22 financial year that are related to the various Master Plans concluded by **the dtic** from time to time. On the approval of this Strategic Plan by the Minister which includes the Export Passport Programme transactions supported under this programme will fall under the expanded mandate of ECIC.

3 Some of these transactions under the expanded mandate are short-term in nature (i.e., with a repayment tenor of less than two years) and from the effective date of the Agreement management has been engaging in a roadshow with the financial institutions and exporters to explain the expanded mandate and working on internal processes and allocating internal resources to rollout the implementation of the expanded mandate.

19.4 Quarterly milestones (Contribute to trade facilitation that results in job creation)

Goal/ Outcome	Output	Performance Indicator/ measure	Baseline	2022/23 Annual Target	Quarterly milestones			
					1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Proactively attract business from new and existing customers to facilitate more exports and cross border investments	Facilitation of exports and cross border investments	Value of approved transactions.	USD894m	USD550m	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	USD550m
		Number of approved transactions	4 deals approved	4 deals approved	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	4 deals approved
		Value of approved transactions[4] within expanded sectoral coverage[5]	USD55m[6]	USD60m	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	USD60m
		Export Passport Programme	Not applicable	At least 5 companies benefiting under the Export Passport Programme	N/A	A cooperation agreement concluded between the dtic, ECIC, IDC and NEF dealing with the Export Passport Programme	N/A	At Least 5 companies benefiting under the Export Passport Programme

4 These transactions are in addition to the *"Value of approved transactions"* indicator.

5 These are the sectors identified in the Agreement between the Minister and ECIC effective from the 2021/22 financial year that are related to the various Master Plans concluded by **the dtic** from time to time. On the approval of this Strategic Plan by the Minister which includes the Export Passport Programme transactions supported under this programme will fall under the expanded mandate of ECIC.

6 Some of these transactions under the expanded mandate are short-term in nature (i.e., with a repayment tenor of less than two years) and from the effective date of the Agreement management has been engaging in a roadshow with the financial institutions and exporters to explain the expanded mandate and working on internal processes and allocating internal resources to rollout the implementation of the expanded mandate.

19.5 Financial Plan (Expenditure estimates for Contribute to trade facilitation that results in job creation)

Programme Name: Contribute to trade facilitation that results in job creation									
Economic classification	Expenditure outcome			Adjusted Appropriation	Medium-Term Expenditure Estimate				
	2018/19 R '000	2019/20 R '000	2020/21 R '000	2021/22 R '000	2022/23 R '000	2023/24 R '000	2024/25 R '000	2025/26 R '000	2026/27 R '000
CURRENT PAYMENT									
Compensation of employees	14 797	14 615	12 969	15 837	17 096	17 225	17 803	18 418	19 054
Goods & services, etc	8 758	7 073	3 524	5 810	6 661	6 276	6 141	6 230	7 254
PAYMENTS OF CAPITAL ASSETS									
Building and other fixed structure									
Machinery & equipment	-	-	-	-	-	-	-	-	-
Other classifications	-	-	-	-	-	-	-	-	-

JOINT KPI:
ACTIONS TO PROMOTE TRANSFORMATION

20. ENHANCE TRANSFORMATION

20.1. Purpose

To ensure a transformed Corporation.

20.2. Description

In the next five years we aim to pursue transformation in accordance with the B-BBEE Act. This program will include:

- Implementing the ECIC Transformation Strategy to maintain a Level 1 B-BBEE score.

In the next five years the successful execution of this program will be demonstrated in the following key measure:

- B-BBEE level score.

20.3 Performance indicators and performance targets (Enhance transformation)

Goal/ Outcome	Output	Performance Indicator/ measure	Actual Performance			Estimated Performance	Medium-Term Targets				
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
To ensure a transformed Corporation	Maintain B-BBEE Score	B-BBEE Level	Level 2	Level 1	Level 2	Level 1	Level 1	Level 1	Level 1	Level 1	Level 1

20.4 Quarterly milestones (Enhance transformation)

Goal/ Outcome	Output	Performance Indicator/ measure	Baseline	2022/23 Annual Target	Quarterly milestones			
					1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
To ensure a transformed Corporation	Maintain B-BBEE Score	B-BBEE Level	B-BBEE Level 1	B-BBEE Level 1	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	B-BBEE Level 1

20.5 Financial Plan (Expenditure estimates for Enhance transformation)

Programme Name: Enhance transformation									
Economic classification	Expenditure outcome			Adjusted Appropriation	Medium-Term Expenditure Estimate				
	2018/19 R '000	2019/20 R '000	2020/21 R '000	2021/22 R '000	2022/23 R '000	2023/24 R '000	2024/25 R '000	2025/26 R '000	2026/27 R '000
Current payment									
Compensation of employees	3 497	3 505	4 416	3 743	4 100	4 208	6 271	6 488	6 849
Goods & services, etc	13 560	39 751	26 160	18 081	39 374	10 437	25 023	27 349	29 257
Payments of capital assets Building and other fixed structure Machinery & equipment	-	-	-	-	-	-	-	-	-
Other classifications	-	-	-	-	-	-	-	-	-

JOINT KPI: BUILDING A CAPABLE STATE

21. IMPROVE EMPLOYEE VALUE PROPOSITION

21.1. Purpose

To maintain a competent and competitive workforce that is able to deliver on the business strategy and the achievement of the Corporation's objectives.

21.2. Description

In five years, we will have delivered on our strategy and achieved our objectives due to the retention of the knowledge and skill of our staff. This program includes:

- Developing an appropriate annual training plan to address identified gaps and improve the knowledge and skill of our staff; and
- Implementing a workforce plan that can ensure that ECIC attracts and retains a competent workforce to deliver on its strategy.

In the next five years the successful execution of this program will be demonstrated in the following key measures:

- Retention of staff

21.3 Performance indicators and performance targets (Improve employee value proposition)

Goal/ Outcome	Output	Performance Indicator/ measure	Actual Performance			Estimated Performance	Medium-Term Targets				
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
To maintain a competent and competitive workforce that is able to deliver on business strategy and the achievement of objectives	Retention of staff	% Staff retained	96%	90%	90%	Retain at least 85% of staff	Retain at least 85% of staff	Retain at least 85% of staff	Retain at least 85% of staff	Retain at least 85% of staff	Retain at least 85% of staff

21.4 Quarterly milestones (Improve employee value proposition)

Goal/ Outcome	Output	Performance Indicator/ measure	Baseline	2022/23 Annual Target	Quarterly milestones			
					1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Maintain a competent and competitive workforce that is able to deliver on business strategy and the achievement of objectives	Retention of staff	% Staff retained	90%	Retain 85% of staff	Retain 85% of staff	Retain 85% of staff cumulatively	Retain 85% of staff cumulatively	Retain 85% of staff cumulatively

21.5 Financial Plan (Expenditure estimates for Improve employee value proposition)

Programme Name: Improve Employee Value Proposition									
Economic classification	Expenditure outcome			Adjusted Appropriation	Medium-Term Expenditure Estimate				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Current payment **Compensation of employees** **Goods & services, etc**	2 108 864	2 015 1 198	2 081 1 011	2 257 1 423	2 356 1 323	2 364 1 234	2 498 1 250	2 584 1 433	2 674 1 098
Payments of capital assets **Building and other fixed structure** **Machinery & equipment**	-	-	-	-	-	-	-	-	-
Other classifications	-	-	-	-	-	-	-	-	-

22. IMPROVE BUSINESS PROCESSES AND SYSTEMS

22.1. Purpose

To automate business processes and systems to improve operational efficiencies of the Corporation.

22.2. Description

In five years, we endeavour to significantly enhance and automate the ECIC processes and systems to improve efficiency in the delivery of key services and products. This program will include:

- Driving digital transformation initiatives geared towards enhancing and automating key business processes and systems.

The successful execution of this program will be demonstrated based on following key performance indicator:

- Percentage (%) of prioritised business processes automated.

The short-term target of 60% in the 2020/21 financial year was focused on the automation of key support and administrative processes for the Corporation. The medium-term targets are focused on the automation of core business processes that are more technically complex and critical for the Corporation, requiring a more rigorous change management approach to reduce associated risks and ensure business continuity.

22.3 Performance indicators and performance targets (Improve business processes and systems)

Goal/ Outcome	Output	Performance Indicator/ measure	Actual Performance			Estimated Performance	Medium-Term Targets				
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Improved operational efficiency	Automation of business processes	% Business processes automated	No baseline	No baseline	30% of business processes automated	60% of business processes automated	70% of business processes automated	80% of business processes automated	90% of business processes automated	95% of business processes automated	100% of business processes automated

22.4 Quarterly milestones (Improve business processes and systems)

Goal/ Outcome	Output	Performance Indicator/ measure	Baseline	2022/23 Annual Target	Quarterly milestones			
					1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Improved operational efficiency	Automation of business processes	% Business processes automated	60% of business processes automated	70% of business processes automated	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	70% of business processes automated

22.5 Financial Plan (Expenditure estimates for Improve business processes and systems)

Programme Name: Improve business process and systems									
Economic classification	Expenditure outcome			Adjusted Appropriation	Medium-Term Expenditure Estimate				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Current payment Compensation of employees Goods & services, etc	7 303 2 552	6 815 2 672	5 348 3 370	7 817 5 775	7 972 6 034	8 054 5 543	8 325 5 265	8 612 5 743	8 909 5 736
Payments of capital assets Building and other fixed structure Machinery & equipment	-	-	-	-	-	-	-	-	-
Other classifications	-	-	-	-	-	-	-	-	-

23. IMPROVE STAFF EFFICIENCY

23.1. Purpose

To maintain an employee cost base within sustainable levels considering earned premiums over the medium-term.

23.2. Description

In five years, we will monitor the employee cost base against the earned premiums earned over a medium-term period. This program will include:

- Tracking a staff efficiency ratio and consideration thereof in workforce and hiring decisions.

The successful execution of this program will be demonstrated based on following key performance indicator:

- Staff efficiency.

23.3 Performance indicators and performance targets (Improve staff efficiency)

Goal/ Outcome	Output	Performance Indicator/ measure	Actual Performance			Estimated Performance	Medium-Term Targets				
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Sustainable employee costs	Staff efficiency	Employee cost to earned premium (3-year average)	18%	15%	14%	Ratio not greater than 22%	Ratio not greater than 31%	Ratio not greater than 31%	Ratio not greater than 31%	Ratio not greater than 31%	Ratio not greater than 31%

23.4 Quarterly milestones (Improve staff efficiency)

Goal/ Outcome	Output	Performance Indicator/ measure	Baseline	2022/23 Annual Target	Quarterly milestones			
					1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Sustainable employee costs	Staff efficiency	Employee cost to earned premium (3-year average)	Ratio not greater than 22%	Ratio not greater than 31%	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Ratio not greater than 31%

23.5 Financial Plan (Expenditure estimates for Improve staff efficiency)

Programme Name: Improve staff efficiency									
Economic classification	Expenditure outcome			Adjusted Appropriation	Medium-Term Expenditure Estimate				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Current payment **Compensation of employees**	**2 108**	**2 015**	**2 081**	**2 257**	**2 356**	**2 364**	**2 498**	**2 584**	**2 674**
Goods & services, etc	**38**	**42**	**63**	**-46**	**48**	**10**	**10**	**10**	**10**
Payments of capital assets **Building and other fixed structure** **Machinery & equipment**	-	-	-	-	-	-	-	-	-
Other classifications	-	-	-	-	-	-	-	-	-

24. EMBED RISK MANAGEMENT PRACTICES

24.1 Purpose

To embed sound risk management practices to ensure a self-sustainable Corporation that transacts within risk appetite limits.

24.2. Description

In the next five years we aim to pursue good governance and sound risk management practices. This program will include:

- Maintaining healthy financial, risk and portfolio management ratios.

In the next five years the successful execution of this program will be demonstrated in the following key measures:

- No breaches on risk appetite limits over the 5-year period (excluding legacy breaches prior to 1 April 2022); and
- Achievement of desired risk maturity levels by 31 March 2025.

24.3 Performance indicators and performance targets (Embed risk management practices)

Goal/ Outcome	Output	Performance Indicator/ measure	Actual Performance			Estimated Performance	Medium-Term Targets				
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Self-sustainable Corporation that transacts within risk appetite limits	Embed risk management practices	No breaches on risk appetite limits over the 5-year period	No new transactions breached risk appetite limits	No new transactions breached risk appetite limits	No new transactions breached risk appetite limits	No new transactions breached risk appetite limits	No breache on risk appetite limits (From 1 April 2022)	No breache on risk appetite limits (From 1 April 2022)	No breache on risk appetite limits (From 1 April 2022)	No breache on risk appetite limits (From 1 April 2022)	No breache on risk appetite limits (From 1 April 2022)
		Risk maturity levels of the Corporation	Not measured	Not measured	Not measured	Level 2 across most of the metrics	Level 2 across 100% of metrics	Level 3 across 50% of metrics	Level 3 across 100% of metrics	N/A	N/A

24.4 Quarterly milestones (Embed risk management practices)

Goal/ Outcome	Output	Performance Indicator/ measure	Baseline	2022/23 Annual Target	Quarterly milestones			
					1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Self-sustainable Corporation that transacts within risk appetite limits	Embed risk management practices	No breaches on risk appetite limits (from 1 April 2022)	No new transactions breached risk appetite limits	No breaches on risk appetite limits (from 1 April 2022)	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	No breaches on risk appetite limits (from 1 April 2022)
		Risk maturity levels of the Corporation	Level 2 across most of the metrics	Level 2 across 100% of metrics	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Level 2 across 100% of metrics

24.5 Financial Plan (Expenditure estimates for embed risk management practices)

Programme Name: Embed risk management practices									
Economic classification	Expenditure outcome			Adjusted Appropriation	Medium-Term Expenditure Estimate				
	2018/19 R '000	2019/20 R '000	2020/21 R '000	2021/22 R '000	2022/23 R '000	2023/24 R '000	2024/25 R '000	2025/26 R '000	2026/27 R '000
Current payment Compensation of employees Goods & services, etc	18 645 4 385	18 490 6 080	17 554 5 403	19 956 6 670	21 628 8 066	21 779 7 654	22 650 7 770	23 432 7 864	24 241 8 144
Payments of capital assets Building and other fixed structure Machinery & equipment	-	-	-	-	-	-	-	-	-
Other classifications	-								

25. ENHANCE FINANCIAL SUSTAINABILITY

25.1. Purpose

To grow the business on a financially sustainable basis in order to fulfil the ECIC mandate of facilitating export trade and cross-border investments.

25.2. Description

In five years, we will seek to increase the capital base of ECIC to support the growth and sustainability of the business. This program will include:

- Underwriting profitable business;
- Managing the existing insurance portfolio;
- Collecting salvages; and
- Earning investment income.

In the next five years the successful execution of this program will be demonstrated in the following key measure:

- Increase in the ECIC equity (excluding foreign exchange movements and related tax); and
- Track the operating cost base of underwriting activities.

25.3 Performance indicators and performance targets (Enhance financial sustainability)

Goal/ Outcome	Output	Performance Indicator/ measure	Actual Performance			Estimated Performance	Medium-Term Targets				
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Support the growth and sustainability of the Corporation	Increase in capital base	% Increase in equity (excluding foreign exchange movements and related tax)	14% increase in equity	10% increase in equity	17% increase in equity	5% increase in equity	5% increase in equity	5% increase in equity	5% increase in equity	5% increase in equity	5% increase in equity
	Track the operating cost base of underwriting activities	Operating cost base of underwriting activities	R113m	R113m	R110m	R135m	Operating costs below R150m	Operating costs below R157m	Operating costs below R164m	Operating costs below R172m	Operating costs below R179m

25.4 Quarterly milestones (Enhance financial sustainability)

Goal/ Outcome	Output	Performance Indicator/ measure	Baseline	2022/23 Annual Target	Quarterly milestones			
					1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Support the growth and sustainability of the Corporation	Increase in capital base	% Increase in equity (excluding foreign exchange movements and related tax)	10% increase in equity	5% increase in equity	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	5% increase in equity
	Track the operating cost base of underwriting activities	Operating cost base of underwriting activities	R135m	Operating costs below R150m	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Operating costs below R150m

25.5 Financial Plan (Expenditure estimates for Enhance financial sustainability)

Programme Name: Enhance financial sustainability									
Economic classification	Expenditure outcome			Adjusted Appropriation	Medium-Term Expenditure Estimate				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Current payment Compensation of employees Goods & services, etc	19 275 -15 264	19 523 79 375	17 252 31 777	20 630 781 109	22 837 266 072	23 036 66 905	23 672 100 510	24 489 97 532	25 335 99 540
Payments of capital assets Building and other fixed structure Machinery & equipment	1 283	240	1 046	2 537	2 585	1 185	985	1 652	985
Other classifications	414 389	788 488	62 240	38 427	-1 741	170 352	187 771	202 272	219 663

26. STAKEHOLDER AND CUSTOMER ENGAGEMENT

26.1. Purpose

To engage stakeholders, customers and employees for the improved facilitation of export trade and cross-border investments.

26.2. Description

In the next five years we aim to improve stakeholder satisfaction. This program will include:

- Measuring stakeholder satisfaction through periodic surveys to avoid stakeholder fatigue and obtain more reliable survey outcomes;
- Measuring employee engagement and organisational culture through annual surveys; and
- Implementing the following annual ECIC Plans to address the survey outcomes:

  i. Marketing and Communication Plan;
  ii. Employee Engagement Plan; and
  iii. Stakeholder Engagement Plan.

In the next three years the successful execution of this program will be demonstrated in the following key measures:

- Corporate Reputation Index Performance (CRIP) score;
- Click Through Rate (CTR) on the AfCFTA media campaign;
- Culture Entropy score; and
- Employee engagement score.

26.3 Performance indicators and performance targets (Stakeholder and customer engagement)

Goal/ Outcome	Output	Performance Indicator/ measure	Actual Performance			Estimated Performance	Medium-Term Targets				
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Stakeholder and customer engagement	Maintain a high Corporate Reputation Index Performance (CRIP) score	CRIP score	N/A	CRIP score of 80,6%	N/A	N/A	CRIP score of 70%[1]	N/A	N/A	CRIP score of 70%[1]	N/A
	To increase brand visibility in selected African countries	Click Through Rate (CTR) on the AfCFTA media campaign	N/A	N/A	N/A	N/A	N/A	CTR score of 0.10	CTR score of 0.10	N/A	N/A
	Improve employee engagement and organisational culture	Employee engagement score / Culture Entropy score	N/A	Employee engagement score of 67%	N/A	Employee engagement score of 68%	Culture Entropy score below 30%	Employee engagement score of 70%	Culture Entropy score below 30%	Employee engagement score of 70%	Culture Entropy score below 20%

1 This was considered a high CRIP score in the previous survey performed. Should the methodology have changed, the achievement of this target will be per the consideration of "High" in that methodology.

26.4 Quarterly milestones (Stakeholder and customer engagement)

Goal/ Outcome	Output	Performance Indicator/ measure	Baseline	2022/23 Annual Target	Quarterly milestones			
					1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Stakeholder and customer engagement	Maintain a high CRIP score	Corporate Reputation Index Performance (CRIP) score	N/A	CRIP score of 70%	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	CRIP score of 70%[2]
	Improve employee engagement and organisational culture	Culture Entropy score	N/A	Culture Entropy score below 30%	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Culture Entropy score below 30%

26.5 Financial Plan (Expenditure estimates for Stakeholder and customer engagement)

Programme Name: Stakeholder and customer engagement									
Economic classification	**Expenditure outcome**			**Adjusted Appropriation**	**Medium-Term Expenditure Estimate**				
	2018/19	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
Current payment **Compensation of employees** **Goods & services, etc**	15 529 6 550	15 421 4 459	15 541 2 871	16 622 6 314	18 039 7 465	17 935 6 873	18 390 6 861	19 025 6 797	19 682 7 063
Payments of capital assets **Building and other fixed structure** **Machinery & equipment**	-	-	-	-	-	-	-	-	-
Other classifications	706 758	270 275	178 826	-459 589	-63 119	1 370	884	484	190

2 This was considered a high CRIP score in the previous survey performed. Should the methodology have changed, the achievement of this target will be per the consideration of "High" in that methodology.

27. ENHANCE CORPORATE GOVERNANCE

27.1. Purpose

To ensure effective governance and internal control measures.

27.2. Description

In the next five years we aim to pursue good governance. This program will include:

- Maintaining effective governance and internal control measures as assessed by the external assurance providers.

In the next five years the successful execution of this program will be demonstrated in the following key measure:

- Clean Audit with no repeat findings on the BAC report (judgemental differences not taken into account).

A clean audit refers to a financially unqualified audit opinion with no material findings on reporting on performance objectives or non-compliance with legislation. The BAC Report refers to the External Audit Report to the ECIC Audit Committee.

27.3 Performance indicators and performance targets (Enhance corporate governance)

Goal/ Outcome	Output	Performance Indicator/ measure	Actual Performance			Estimated Performance	Medium-Term Targets				
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
To ensure effective governance and internal control measures	Effective governance and internal control measures	Clean audit with no repeat findings and no more than 3 new findings on the BAC report (judgemental differences not taken into account)	Clean audit	Clean audit	Clean audit	Clean audit	Clean audit with no repeat findings and no more than 3 new findings on the BAC report (judgemental differences not taken into account)	Clean audit with no repeat findings and no more than 3 new findings on the BAC report (judgemental differences not taken into account)	Clean audit with no repeat findings and no more than 3 new findings on the BAC report (judgemental differences not taken into account)	Clean audit with no repeat findings and no more than 3 new findings on the BAC report (judgemental differences not taken into account)	Clean audit with no repeat findings and no more than 3 new findings on the BAC report (judgemental differences not taken into account)

27.4 Quarterly milestones (Enhance corporate governance)

Goal/ Outcome	Output	Performance Indicator/ measure	Baseline	2022/23 Annual Target	Quarterly milestones			
					1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
To ensure effective governance and internal control measures	Effective governance and internal control measures	Clean audit with no repeat findings and no more than 3 new findings on the BAC report (judgemental differences not taken into account)	Clean audit	Clean audit with no repeat findings and no more than 3 new findings on the BAC report (judgemental differences not taken into account)	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Annual target with quarterly progress reporting	Clean audit with no repeat findings and no more than 3 new findings on the BAC report (judgemental differences not taken into account)

27.5 Financial Plan (Expenditure estimates for enhance corporate governance)

Programme Name: Enhance corporate governance									
Economic classification	Expenditure outcome			Adjusted Appropriation	Medium-Term Expenditure Estimate				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Current payment									
Compensation of employees	15 148	14 985	13 138	16 214	17 529	17 571	16 379	16 944	17 392
Goods & services, etc	2 741	3 288	3 072	2 669	3 660	3 364	3 384	3 412	3 588
Payments of capital assets Building and other fixed structure Machinery & equipment	-	-	-	-	-	-	-	-	-
Other classifications	-	-	-	-	-	-	-	-	-

PART D:

LINKS AND OTHER PLANS

28. ASSET MANAGEMENT PLAN

The nature of the liabilities assumed by ECIC such as claim payment obligations, future expenses and stakeholders' expectations (e.g., regulatory requirements and strategic investments or payments), essentially drive the determination of its investment strategy. ECIC has an imperative to ensure payment obligations are fulfilled timeously whilst maintaining or improving financial soundness by charging competitive premiums and generating investment returns to create value for all stakeholders. This delicate balancing act necessitates an integrated approach to managing risk arising from investment activities, those inherent in its liabilities and changes in the structure of liabilities.

Consequently, ECIC adopts an Asset Liability Matching approach and liability cognisant investment philosophy. The aim is to minimise asset-liability mismatching risk by investing in suitable assets after taking account of the nature, timing and amount of its liabilities and expected cash flows within the corporation's risk tolerance and solvency framework.

The Corporation implements the investment strategy by appointing suitable external fund managers and setting appropriate investment guidelines for the management of the various asset classes. Relevant market benchmarks are allocated to each fund manager and performance and risk is measured, reported and monitored regularly.

The main principles underlying the Corporation's investment strategy, process and associated investment decisions is captured in the ECIC Investment Policy Statement (IPS). The IPS establishes appropriate investment guidelines and specifies measures to actively monitor the achievement of investment objectives. It furthermore references investment decisions within the risk management and solvency framework of the Corporation, and the mitigation and monitoring of other investment related risks. The Corporation manages and maintains two currency investment portfolios in Rand and in US Dollars.

The investment portfolio is constructed by segmenting it into parts and allocating matching assets for each currency's cashflow, liability and capital requirements. Residual or excess assets are invested to seek investment growth.

This approach ensures strategic and reporting emphasis on the most material components of the corporation's obligations in setting the investment strategy and allows matching assets and individualised risk and return objectives for each identified tranche. As the asset allocation to each tranche is intuitively based on liability values which are recalculated quarterly, shifts between tranches can be tracked and timeously updated.

The investment tranche approach allows for excess assets to be invested in longer dated instruments. These assets will not be used for frequent rebalancing or short- to medium-term cashflow and claims requirements. This reduces the risk of disinvesting higher risk-return assets at times of heightened market volatility and downturns. The working capital, technical provisions and capital requirement tranches are collectively referred to as the Total Reserving Tranche. The tranches for each currency portfolio are defined as follows:

- Working Capital Tranche: provides liquidity to meet operational expenses or known other payments over the next 12 months. Funds are invested in this tranche with time-, operational and cost-effective access to meet payments as they fall due;
- Technical Provisions Tranche: provides assets that are reserved for liability obligations or provisions (including IMU liability) to maximise capital efficiency and solvency. The assets consider the duration of the liabilities to mitigate increases in liability values that are due to interest rate changes;
- Capital Requirements Tranche: provides low-risk liquid assets that are reserved for non-life underwriting capital requirements and risk margin. The tranche serves as a buffer for large, unexpected claim payments or other obligations. It also serves as a low-risk asset class that can be used for tranche shifts and other asset transitions during times of heightened volatility or adverse market conditions; and
- Excess Tranche: the funds left over after funding the working capital, the technical provisions and the capital requirements tranches. Assets in this tranche will seek to maximise investment growth by investing in riskier assets over longer periods.

Portfolio Structure

The Corporation manages and maintains two currency investment portfolios in Rand and in US Dollars.

The Rand portfolio is primarily managed to back Rand denominated liabilities and absorb all operational expenses of the Corporation. It is a diversified moderate risk portfolio which invests in Rand-denominated Equities, Listed Property, Government Bonds, Corporate Bonds, Cash, and global equities and bonds.

The US Dollar portfolio is primarily managed to back the US Dollar denominated liabilities and IMU payments. It is currently invested in US dollar denominated cash, government and corporate bonds and will be expanded into a more diversified composition with the implementation of the new investment tranche strategy.

The Corporation has approval to retain its US Dollar and Euro premium income in their respective foreign currency portfolios. The Corporation does not yet have liabilities or assets denominated in Euro.

29. INFORMATION AND COMMUNICATION TECHNOLOGY PLAN

29.1 Introduction

The revised ICT Strategic Plan 2020/21 – 2023/24 provides a framework to support the digital transformation strategy of the Corporation and to deliver the desired value through a clear road map.

29.2 ICT Strategy Priorities

The ICT Strategic Plan identifies 4 focus areas and 13 strategic initiatives that have been prioritised by the Corporation to enable the delivery of its mandate, these include:

Focus Areas	Strategic Initiatives	Priority	Completion \ Target Date
1. Strategic and operational alignment of ICT to business objectives	1.1. Review ICT Governance, develop an Enterprise Architecture and review the ICT Strategy	High	Q2 2021/22
2. Automate and enhance business processes	2.1 Replace the HR module	High	Q4 2020/21
	2.1 Upgrade the ERP system	High	Q3 2021/22
	2.2 Procure the Risk and Compliance System	High	Q4 2020/21
	2.3 Enhance and automate core business processes (Agile approach)	High	Q4 2022/23
	2.4 Develop BI & Data Analytics platform	Medium	Q4 2022/23
3. Develop ICT capacity and capability	3.1 Revise the ICT organisational structure	High	Q4 2020/21
	3.2 Refresh Computer Hardware	Medium	Q2 2022/23
	3.3 Replace LAN Switches and Wireless Access Points	Medium	Q2 2020/21
	3.4 Procure an ICT Configuration Management Tool	Low	Q4 2022/23
	3.5 Implement an Enterprise-wide Performance Management Solution	Medium	Q4 2022/23
4. Improve communication and collaboration	4.1 Procure audio and video conferencing equipment	Medium	Q4 2021/22
	4.2 Internal training of users on collaboration tools offered by Office 365	Medium	Q4 2020/21

29.2 Defining and measuring success

The measure of success for the implementation of the ICT Strategic plan is based on the value delivered for the Corporation, including the percentage (%) of business processes automated resulting in process and cost efficiencies. The ICT Strategic Plan is reviewed annually to ensure continuous alignment to the strategic goals of the Corporation.

29.2 Reporting

The strategy implementation progress is reported quarterly to the ICT governance structures, including the ICT Steering Committee, Executive Committee, Risk Committee and Board. The implementation plan progress is reported quarterly to the ICT governance structures, including the ICT Steering Committee, Executive Committee, Risk Committee and Board.

30. RISK MANAGEMENT

Risk Management Plan (incl. risk strategy and process)

Risk management provides the Corporation with guardrails to ensure continued risk taking is done in a prudent and sustainable manner. As a regulated entity, ECIC risk management standards and practices must align to the regulators' standards an ongoing requirement to ensure license conditions are met. Similarly, as an outward looking entity that competes in the global arena, ECIC risk management practices are continually aligned to international best practice.

The Corporation has also constructed risk appetite limits and tolerances to ensure judicious and prudent underwriting that does not allow for excessive risk taking whilst sufficiently deploying capital. The risk appetite ensures obligor, sector and country concentration are kept within pre-set bounds. The Corporation's investible assets are also allocated in-line with risk-based principles taking into account risk-return constraints.

The Board, whilst responsible for providing oversight is the custodian of the Corporation's risk management and governance structures, whilst accountability for risk management remains with each individual within their respective functional areas. In line with good and effective corporate governance, the Board has delegated the responsibility of reviewing the effectiveness of the risk management system to the Risk Committee that is charged with risk oversight, compliance as well as ICT governance.

The three lines-of-defence principle

At the forefront are the business units whose day-to-day activities give rise to varied types of risk. Typically, the first line of defence consists of the operational and support areas of the business and are responsible for managing own risks emanating from their respective areas of responsibility. The risk management process is a continuous iteration that comprise of establishment of context, identification of risks, risk measurement, risk treatment, and reporting on a continuous basis.

The second line of defence consists of the control functions of Risk, Compliance and Actuarial Control. The primary responsibility of the risk control function is to establish and maintain the risk management framework which is the totality of risk policies, procedures and processes. as well as provide independent risk oversight and report risks to executive management, Board-level committees and the Board.

The audit function is responsible for providing assurance and is the third line of defence. It provides an independent assessment of the adequacy and effectiveness of the Corporation's overall system of internal controls and risk governance structures. The audit function reports independently to the Audit Committees of the Board.

Risk management framework, policies and procedures

The Corporation's Risk Management Framework comprise of the totality of risk policies procedures and processes. The risk policies set out minimum control measures that ensures alignment and consistency in treatment of major risks that include identification, measurement, treatment and reporting. Implementation of the risk management policies is the responsibility of the executive and business unit managers. Compliance with risk policies is monitored through self-assessments and independent reviews by the internal audit function.

The capital adequacy measurement using the solvency capital required (SCR) from the standard formula is one of the key features of the solvency assessment and management (SAM) regime. The Corporation has determined that the standard formula does not sufficiently reflect the risk of the corporation. To compensate for the deficiency, the Corporation has adopted the use of economic capital.

Risk appetite

Risk appetite underwriting metrics

Given that concentration is a major risk for the Corporation, concentration limits are set within the Risk Appetite as follows:

- Maximum underwriting capacity that can be sustained by the available capital as at 31 March 2020. The measure is the leverage ratio of underwritten insured value relative to the corporation's equity.
- The maximum combined loss (gross of claim salvages) of a single event from exposures in a single country.
- The maximum combined loss (gross of claim salvages) of a single event from exposures in an industry.
- The maximum loss (gross of claim salvages) of a single obligor/project.

The table below shows the projected exposure colour coded against the concentration limits. The single obligor limit breach is projected for the period 2023 to 2027 on a gross basis (at 100% LGD). AT the point of underwriting actual transactions, an appropriated LGD will be applied with the likelihood of net exposure falling within limits or moderately breaching limits for determined duration

Exposure (USD millions)	Limit	2022	2023	2024	2025	2026	2027
Single Obligor *	166	163	216	243	340	382	430
Industry **	574	210	503	457	447	463	486
Country***	574	284	364	294	340	382	430
*		Infralink	Ghana Rail	Moz LNG	Moz LNG	Moz LNG	Moz LNG
**		Construction	Construction	Construction	Construction	Construction	Mining
***		Zimbabwe	Ghana	Ghana	Mozambique	Mozambique	Mozambique

Green	<=50%
Yellow	>50% <=100%
Red	>100%

The table above shows the change in the composition of the Corporation's portfolio over the projection period, in terms diversification across countries and the overall PD of the portfolio. The RAG colours in the heat maps are based on the available capital as at 2020. The higher the portfolio PD the smaller portfolio size that can be supported by the current available capital, similarly the more concentrated the smaller the portfolio size that can be supported. Over the projected period the portfolio is becoming more concentrated, and the portfolio PD increases.

Risk Budget

The Corporation has allocated capital to three risk measures; underwriting, investments and currency. The first two reflect the Corporation's revenue generating activities, the third item is a default US dollar currency position by virtue of the Corporation's business being predominantly dollar based. The capital allocation between these three is split 70:20:10 respectively. Capital allocation to operational risk is minimal and has been aggregated into the underwriting capital allocation.

The US dollar assets accord the Corporation a natural currency hedge in claim incidents. The rand portfolio caters for operational expenses and settling tax liabilities, whilst also available for claims payment in case of shortfalls in US dollar assets. For every dollar asset that ECIC holds in excess of its liabilities, the regulatory solvency calculation imposes a currency risk charge, thus attracting a capital charge, purely from the fact that US dollar assets exceed US dollar liabilities. This is premised on the argument that a strong rand would impair the US dollar assets if converted to meet rand liabilities.

Emerging Risks

Economic growth for 2021 is projected to reach 6 percent which is an improvement of 0.8 percent on the December 2020 projections. The improved growth sentiment is predicated on incremental fiscal support from leading economies such as the United States amongst others, as well as projected stronger vaccine powered recovery in the second half of 2021. Growth projection is expected to moderate to 4.4 percent in 2022, and the medium-term growth projection is estimated at 3.3 percent which is a downward revision from the initial 3.5 percent projection. The revised projection takes into account projected damage to supply potential as well as factors that were present pre-pandemic such as ageing labour force in advanced economies and some emerging markets. The negative growth experienced last year means that 2021 growth is off a low base, and combined with the taper sentiments, 2021 underwriting and investment business operate in a challenging environment.

31. ETHICS AND FRAUD PREVENTION PLAN

The Board of Directors is responsible for ensuring that the Corporation has an effective, efficient and transparent system of controls for financial, risk management and internal control. Fraud and corruption remain a threat to public trust and confidence, it is therefore essential to recognize fraud prevention as an integral part of strategic management. It is imperative for the Board to set the right tone at the top in so far as prevention and management of fraud in the Corporation is concerned. At a country level, reports by watchdog organisations such as Transparency International (TI) assess and rate countries on various parameters that include fraud and corruption amongst others. Such reports are key especially when used by foreign investors to make decisions for foreign direct investment (FDI) destinations.

The Government has zero tolerance for the malaise of fraud and corruption in the public sector and has made it mandatory for public entities to develop fraud prevention plans as stipulated in the Treasury Regulations. Fraud prevention invariably referred to as fraud risk management embodies the whole system of processes and procedures designed and implemented to ensure that vulnerabilities that could arise from fraudulent conduct are curtailed and eliminated altogether. The system is intended to prevent, deter and detect fraud.

The Corporation Fraud Prevention Policy, and Ethics and Fraud Prevention Plan cover all acts of dishonesty including fraud, corruption and theft. The success of any fraud prevention initiative or fraud prevention plan inevitably depends on the buy-in and co-operation of the management and staff. The risk management philosophy at ECIC that also covers fraud and corruption is that everyone in their roles is responsible for risks that emanate or impact their area of responsibility.

In the planning period, fraud risk assessments have been conducted across all business units and fraud risk registers compiled. High risk processes and areas identified within the risk registers will form part of the combined assurance plans for in-depth review by internal audit.

The Fraud Prevention Policy inter alia embodies the following:

- Defines, sets control procedures to prevent, identify and deter fraud;
- Assigns appropriate responsibilities for ensuring key controls are complied with;
- Provides for the procedure for investigating all incidences of actual, attempted or suspected fraud, and all instances of major control breakdowns;
- Encourages staff and other key stakeholders to be vigilant and raise fraud-awareness at all levels and in all arrangements with the Corporation;
- Provides staff and key stakeholders with effective confidential reporting mechanisms and encourages their use;
- Co-operation with law enforcement and other appropriate authorities in the investigation and prosecution of those suspected of fraud or perpetrating fraud against the Corporation.

The Corporation's Ethics and Fraud Prevention Plan promotes fraud prevention as stipulated below:

- Ensure the Corporation's Code of Ethics and Business Conduct is reviewed to reflect the values and standards of the Corporation, as well as ensure that staff and stakeholders receive appropriate training and aware-ness on the Code and other applicable ethics policies such as the Conflict of interest and Gift Policy;
- Ensure regular fraud and corruption training and awareness campaigns throughout the Corporation, with a focus on recent cases, legislation and relevant trends;
- Promote continuous training by Management to raise appropriate awareness of internal processes and policies aimed at fraud and corruption prevention;
- Encourage use of "Tip Offs" reporting hotline or management of any fraudulent, unethical or corrupt activities in line with the Whistle-Blowing Policy of the Corporation.

The fraud communication and awareness initiatives are reviewed annually with the assistance of independent service providers where applicable to incorporate emerging risks and embed international best practice.

The tip-offs report as well as progress on the achievements under the fraud prevention plan are tabled at Audit, and Social and Ethics Committees. In the event of any member of the Board of Directors, or key staff being implicated in fraud, corruption or gross negligence, the matter is also reported to the shareholder, external auditor, the Auditor-General, the Prudential Authority and the Financial Sector Conduct Authority.

The Ethics and Fraud Prevention Plan is a live document that is updated on a continuous basis to ensure the Corporation remains abreast of emerging trends to effectively promote ethical behaviour, entrench sound values as well as fight fraud and corruption.

32. RISK MANAGEMENT – RISK REGISTER

#	Objectives	Risk name	Root causes of the risk	Consequence of the risk	Key Controls	Risk owner	Residual risk exposure	RR factor	Action plans	Target date	Status	Comments
1	Contribute to Trade facilitation	Uncertain macro-economic outlook	Business projections may be significantly impacted by uncertain macro-economic outlook	Curtailment in project pipeline resulting in reduced premium income	Proactive deal origination	COO	Priority 4	8.00	On-going pipeline monitoring	Ongoing	In progress	The combination of global growth slowdown due to COVID-19 & South Africa credit downgrade, the deal pipeline could be constrained in the outer years (years 3 & 5)
				Potential sovereign default risk from over-indebted countries due to elevated external debt for COVID containment measures amongst others	1. Use of a debt sustainability framework 2. Monitor fiscal consolidation measures in various countries 3. Transactions adhere to Country limits	COO	Priority 4	8.00	Leverage government to government goodwill to avoid default	Ongoing	In progress	Direct sovereign cover for over-indebted countries is currently done on a case-by-case basis (i.e., strategic projects to national economy, projects with ring-fenced proceeds/revenue) as well as looking at debt consolidation measures
		Competition	Increased competition from other ECAs with flexible underwriting criteria	Loss of business due to content requirement	'1. 'Limit cover to achieved content 2. Utilize reinsurance for the content deficient portion	COO	Priority 5	4.50		Ongoing	Final tests & maintain	
			Uncompetitive SA Exporters	Inability to win international bids	1. Part of the intervention is for SA exporters to form JVs or to sub-contract with experienced international contractors in limited expertise sectors such as Gas, Power etc. 2. Issue letters of support to SA contractors	COO	Priority 4	8.00		Ongoing	In progress	- ECIC crowds in participation of South African contractors as partners or sub-contractors of the major international contractors i.e., the LNG projects

#	Objectives	Risk name	Root causes of the risk	Consequence of the risk	Key Controls	Risk owner	Residual risk exposure	RR factor	Action plans	Target date	Status	Comments
2	Enhance Financial Sustainability	Uncertain macro-economic outlook	Investment assumption may be significantly impacted by an uncertain macro-economic outlook	Increased volatility resulting in capital loss in investments	Diversification of investment portfolio	CAI	Priority 5	4.50	Implement Tranching	August 31, 2022	Planned	
		Pandemic risk	The COVID-19 pandemic has triggered global economic slowdown in 2020 and marginal growth to 2019 levels in 2021.	1. Insufficient pipeline due to depressed markets adversely impacting premiums 2. Potentially heightened claims incidents due to the pandemic effects adversely affecting premiums 3. Depressed markets resulting in value erosion of investment portfolio	1. On the underwriting side proactive deal origination 2. Restructuring of struggling projects to avoid potential claims 3. Preparation of Out of cycle ORSA to quantify risks 4. Diversification of investment portfolio	COO & CAI	Priority 4	8.00	1. Effects on pipeline being monitored 2. Investment portfolio monitoring	Ongoing	In progress	EXCO continually monitors the impact of the pandemic on the economic activities in sectors and countries that ECIC has existing exposure and future business, as well as effects on the investment portfolio.
		SA Credit Downgrade	Uncompetitive ECIC paper due to lower credit rating not affording banks sufficient capital relief under Basel 3	1. Sub-investment grade sovereign credit rating force SA banks to seek better rated paper at ECIC's expense. 2. High cost of borrowing for SA banks constrain funding sources for ECIC-backed projects	' Differentiation; ECIC underwriting in difficult geographies is a competitive advantage	COO	Priority 4	8.00	1. Need to get a cut-through agreement in instances where reinsurance is taken 2. SARB to issue a sub-sovereign rating guideline in 2023	March 31, 2023	In progress	Cut-through discussion with reinsurance market on-going
			SA Bonds removed from FTSE-WGBI after downgrade	1. Institutional & mandate investors exit SA GB 2. Taper induced volatility triggered by portfolio outflow	Diversification of investment portfolio	CAI	Priority 5	4.80		Ongoing	Final tests & maintain	Institutional & mandate investors exited SA GB, but yield seeking investors have piled back in, almost to pre-downgrade levels Taper induced volatility remains
		Exchange Rate Risk	Rand weakness inflating value of USD assets.	Unrealized capital gains arising from currency movement eroding ECIC balance through tax	No control as this is based on current law	CFO	Priority 3	14.40	Seek dtic intervention with NT (at ministerial level) to allow for tax calculation on USD numbers	Ongoing	In progress	ECIC has previously held discussions with NT & SARs via Deloitte Discussions to be held with dtic on tax implications

#	Objectives	Risk name	Root causes of the risk	Consequence of the risk	Key Controls	Risk owner	Residual risk exposure	RR factor	Action plans	Target date	Status	Comments
3	Improve staff efficiency	High escalation of employee costs beyond CPI	Employee costs do not take into account approved budgets	Unsustainable remuneration	1. Maintain approved headcount 2. Internal re-allocation of headcount (where possible) 3. Appointments to be within approved budgets	Head: HC	Priority 5	4.50	Monitor effects of new controls and respond accordingly	Ongoing	In progress	
4	Improve Business Processes and systems	ICT Risk	Risk of ICT breach resulting in unauthorised access	Unauthorised access of ECIC network resulting in unauthorized activities	1. Firewalls are currently in place; and 2. Use of outsourced hosting services 3. Vulnerability test conducted on an ongoing basis 4. Dedicated information security analyst in place	GC	Priority 4	8.00	1. Perform a limited penetration test on the ECIC cloud environment 2. Perform a comprehensive penetration test on the ECIC environment at new premises	1. November 30th, 2021 2. December 31st, 2022	Planned	see action plan
			Automation targets not met	Long lead times and error prone processes & inconsistent decision making	1. Business process automation plan 2. Implementation of the ICT strategic plan	GC	Priority 4	8.00	Implement the business process automation plan & ICT strategy	Ongoing	In progress	Implement the business process automation plan & ICT strategy per below timelines (FYE) Y0: 60% Y1: 70%, Y2: 80%, Y3: 90%, Y4: 95%, Y5: 100%
		Accounting Standards Changes	Change in accounting standards for insurance sector (from IFRS 4 to IFRS 17 & from IAS 39 to IFRS 9)	1. Qualified audit opinion	1. IFRS Implementation Plan 2. Attendance at relevant workshops 3. Regular progress updates to EXCO & Board	CFO & CAI	Priority 3	11.20	1. Tracking & Implementation of IFRS 9 & 17 Implementation Plan 2. Monthly progress reports to EXCO 3. Implementation of IFRS 9 to run concurrently with IFRS 17 to avoid further delays	Ongoing	In progress	1. Tracking & Implementation of IFRS 9 & 17 Implementation Plan 2. Monthly progress reports to EXCO 3. Implementation of IFRS 9 to run concurrently with IFRS 17 to avoid further delays

#	Objectives	Risk name	Root causes of the risk	Consequence of the risk	Key Controls	Risk owner	Residual risk exposure	RR factor	Action plans	Target date	Status	Comments
5	Enhance Corporate Governance	Regulatory / Legislative changes	Increased risk of non-compliance	Risk of loss of license in case of breach of solvency	Multiple metrics in use 1.Risk capacity – Tier 1 capital available to absorb potential losses 2.Risk appetite - SCR > 115%, EC > 110% 3.Maximum underwriting capacity at 10x equity 4.Portfolio concentration limits – country & industry US$733 MM & single obligor limit US$330MM	CRO & CAI	Priority 5	4.80	Update risk appetite limits post-prepayment(s)	Ongoing	In progress	Update risk appetite limits post-prepayment(s)
		Deterioration of the Corporation's B-BBEE score	- Decline in EE score - Large Procurement from Low B-BBEE rated suppliers - Failure to meet SED/ ESD spend targets	Decline in the Corporation's level 1 B-BBEE score	Incremental procurement is directed towards highly rated B-BBEE suppliers	CFO, CAI & GC	Priority 4	8.00	- Strive towards EE targets - Continued high value procurement from suppliers with B-BBEE score > 4.	Ongoing	In progress	1. The Corporation B-BBEE rating declined to level 2 in 2021 from level 1 in 2020. 2. Following the development of fund manager transformation plan, up-coming fund manager appointments will have to adhere to the plan
6	Improve Stakeholder & Customer engagement	Reputational Risk & Brand Visibility	Adverse customer & stakeholder brand perception	Negative publicity, decreasing level of advocacy and brand unfamiliar to market	'1. Marketing & Communications Plan 2. Stakeholder Engagement Plan	COO, Head MC & CSR & Manager in the Office of the CEO	Priority 4	8.00			In progress	
7	Improve Employee Value Proposition	Culture Risk	Failure to live the values of the Corporation	The risk of inappropriate culture taking root in the company	1. Employee induction process 2. Ethics sessions held with staff annually 3. Declaration of conflict of interest as and when necessary	Head: HC	Priority 4	8.00	1. increased socialization of the values on an ongoing basis 2. Rotational remote-office work 3. Innovative online collaboration	Ongoing	In progress	
8	Embed Risk Management Practices	Failure to embed ORSA in the company	Slow uptake of the ORSA process	1. Poor decision making 2. Regulatory findings	1. Adoption of ORSA driven decision making 2. Resolution of Independent ORSA review findings 3. EXCO and Board involvement and input into the ORSA process	CRO & CAI	Priority 4	8.00	1. Resolution of all findings (Internal Audit, HAF, Independent ORSA review)	Ongoing	In progress	1. Resolution of all findings (Internal Audit, HAF, Independent ORSA review)

Inherent Impact		
Insignificant (1)	1	Brief local inconvenience or loss of an asset with minor or no impact on the business / insignificant financial loss
Minor (2)	2	Disruption in business lasting between 8 and 24 hours / Minor impact on costs of less than 5%. Minor impact on underwriting result of less than 2%
Moderate (3)	3	Disruption in business lasting between 24 and 36 hours / Moderate impact on costs between 5% and 10% of applicable budget. Moderate impact on underwriting result of between 2% to 5%
Major (4)	4	Reduction in continuity of business for a period of between 36 and 48 hours / Cost overrun of between 10% and 20% of applicable budget. Affect underwriting result of between 5% and 10%
Catastrophic (5)	5	Risk event will result in widespread and lengthy reduction in continuity of business lasting more than 48 hours. /Cost overrun of > 20% of applicable budget. Affect underwriting results of > 10%

Inherent Likelihood		
Rare (1)	1	The risk has never occurred before and is unlikely to occur
Unlikely (2)	2	The risk is unlikely to occur
Possible (3)	3	The risk has occurred before and there is a possibility that it may reoccur
Likely (4)	4	The risk has occurred before and is likely to occur again
Almost Certain (5)	5	The risk is almost certain to occur in the current circumstances

Control Effectiveness		
Risk reduced significantly	20%	Risk is totally avoided
Very effective	40%	Risk is significantly transferred
Effective	65%	Effective in managing the risk or risk is moderately transferred
Weak	80%	Controls are effective to mitigate the risk but requires continuous monitoring
Ineffective	100%	Controls are ineffective in managing the risk

Risk Category	Risk Subcategory
Operational Risk	People
	Controls
	Systems
	Process
Strategy Risk	Strategy Risk
Regulatory Risk	Regulatory Risk
Reputational Risk	Reputational Risk

33. HUMAN CAPITAL PLAN

33.1 Introduction

The Strategic Human Capital Plan (SHCP) sets forth the framework for managing the Corporation's human capital system through 2023/2024. This Plan, which replaces the 2021/22-2023/2024 SHCP, aligns with the Corporation's 2023/2024 to 2026/27 Strategic Plan. The plan identifies three strategic human capital goals relating to attracting, motivating, and retaining diverse talent, building capacity and having engaged employees.

33.2. HR Strategic Priorities

33.2.1 Human Capital Goals (2022/2023 – 2026/2027)

The 2027 SHCP focuses on three strategic human capital goals relating to attracting, motivating, and retaining diverse talent, building capacity and having engaged employees. The human capital goals are discussed in detail below.

33.2.2 Human Capital Goal 1 – Maintain ability to attract, hire and retain key talent

The Corporation seeks to improve each year the quality and diversity of its hires. Further, the Corporation seeks to strengthen its employee value proposition to enable talent acquisition and retention.

Detailed below are the objectives and initiatives to be implemented:

Human Capital Objective	Human Capital Initiative	Rationale	2023 Target
Create talent pipeline through graduate programme	Appoint and develop graduates/interns	Build own talent pipeline through graduate programme	Appoint and develop graduates/interns
Improve talent diversity	Employment Equity Plan	Talented people we attract to ECIC need to reflect the diversity of South Africa's population.	Implementation of the Employment Equity plan
Motivate and retain diverse talent	Enhance employee value proposition	The emotional response to the set of attributes that employees perceive as the value they gain in their life from ECIC employment will result in staff motivation and retention.	Employee Value Proposition Project Plan
Improve remuneration & recognition practices	Conduct salary market benchmarking	Remuneration & recognition are key drivers of motivation and retention.	Salary market benchmark conducted
Improve remuneration & recognition practices	Review and improve the recognition programme	Remuneration, reward and recognition play a key role to motivate and retain diverse talent	Review and Improve the recognition programme

33.2.3 Human Capital Goal 2 – Building capacity to achieve desired performance

The Corporation seeks to improve its skills sets and implement targeted learning initiatives through a blended learning approach comprised of classroom learning, on the job learning, online learning and mobile learning platforms. Indicated below are the objectives and initiatives to be implemented:

Human Capital Objective	Human Capital Initiative	Rationale	2023 Target
Improve knowledge and skills	Conduct skills audit for the short-term insurance business	Skills audit to identify and match skills	Skills audit completed
	Compile and implement an annual training plan	Targeted learning initiatives	Implementation of the annual training plan
	Blend learning and development by using both e-learning and classroom learning	Improve efficiency within learning and development	50% of our offerings to be through E- learning
Improve performance management	Continue to improve the performance management system and goal setting	Performance management plays a key role in the achievement of the business strategy	Implementation of the Performance Management Improvement Plan
Implement succession planning programme	Succession plans included in the individual employee's PDP	Availability of key skills is a threat to business growth	Succession plans for key positions

33.2.4 Human Capital Goal 3 – Engaged Employees

The Corporation seeks to improve employee engagement, employee wellness and organisational culture with this goal. Detailed below are the objectives and initiatives linked to this goal:

Human Capital Objective	Human Capital Initiative	Rationale	2023 Target
Rethink organizational structure, roles and ways of working	Organisational design project	Review utilization of staff, roles & organizational structure	Organisational design project implemented
Improve employee engagement levels	Compile and implement an engagement plan	Engaged employees are more productive	Implementation of the 2022-23 engagement plan
Improve the wellness of our employees	Compile and implement wellness plan	Employees that are well perform optimally	Employee wellness plan implemented
Define and design organizational culture which will enable achievement of strategy	Organizational culture assessment	Corporation to build a customer centric, ethical, performance driven and innovative culture.	Culture entropy score below 30%0

33.2.5 Defining and measuring success

The ultimate measure of success for the 2027 SHCP will be its overall impact on the Corporation's business strategy results.

33.2.6 Reporting

Status reports on the implementation of the SHCP will be tabled to the Human Resources and Remunerations Committee for monitoring.

33.2.7 Conclusion

The Human Capital strategies and objectives as reflected in this SHCP are flexible and will continuously be realigned to the business and organisational requirements as reflected in the Corporate Strategic Plan.

34. STAKEHOLDER MANAGEMENT FRAMEWORK

34.1 Introduction and purpose

The ECIC Board has adopted the principles of openness, integrity and accountability as espoused in King IV. One of the objectives of King IV is to encourage transparent and meaningful reporting to stakeholders. To enable this King IV advocates for a stakeholder-inclusive approach.

There is an interdependent relationship between ECIC and its stakeholders, and the ECIC's ability to create value for itself depends on its ability to create value for others.

In order to know and understand the legitimate and reasonable needs, interests and expectations of ECIC's major stakeholders, management needs an ongoing relationship with those stakeholders. Understanding stakeholder's expectations will assist the Board in effectively executing the ECIC mandate.

Stakeholder inclusivity involves the balancing of interests over time by way of prioritising and, in some instances, trading off interests. A decision on how to achieve this balance is made on a case-by-case basis, as current circumstances and exigencies require but should always be done in the best interests of ECIC over the longer term.

Balancing the needs, interests and expectations of stakeholders is a dynamic and ongoing process. The measurement of the quality of stakeholder relationships indicates how effectively ECIC is able to strike this balance in its decisions.

The Stakeholder Management Framework seeks to achieve the following:

- More equitable and sustainable social development by giving those who have a right to be heard the opportunity to be considered in decision-making processes;
- Determine material issues for sustainability management and reporting;
- Enable better management of risk and reputation;
- Allow for a pool of resources (knowledge, people, money and technology) to solve problems and reach objectives that cannot be reached by single organisations;
- Enable understanding of complex operating environments, including market developments and cultural dynamics;
- Enable learning from stakeholders, resulting in product and process improvements, and innovations;
- Inform, educate and influence stakeholders in a way that can improve their decisions and actions, which will in turn have an impact on ECIC and on society; and
- Contribute to the development of trust-based and transparent stakeholder relationships.

To achieve the above goals the Stakeholder Management Framework focuses on the following areas as recommended by King IV:

- Arrangements for governing and managing stakeholder relationships;
- Methodologies for identifying individual stakeholders and stakeholder groupings;
- Determination of material stakeholders based on the extent to which they affect, or are affected by, the activities, outputs and outcomes of the organisation;
- Management of stakeholder risk as an integral part of organisation-wide risk management;
- Key areas of focus;
- Formal mechanisms for engagement and communication with stakeholders, including the use of dispute resolution mechanisms and associated processes;
- Measurement of the quality and effectiveness of material stakeholder relationships, and appropriate responses to the outcomes; and
- Areas of focus.

Formal dispute resolution will be in terms of the ECIC Complaints Resolution Policy.

34.2 Governing and managing stakeholder relationships

ECIC's Social and Ethics Committee (SEC) is responsible for "Reviewing the adequacy and effectiveness of the Company's engagement and interaction with its stakeholders." This Committee sits twice a year. The role of the Committee per its Terms of Reference is to:

- Monitor that there is a robust process for managing the Company's reputation as detailed in the Stakeholder Management Framework;
- Monitor that management proactively deals with stakeholder relationships in an integrated manner;
- Monitor that there is an equitable treatment of stakeholders in line with the Stakeholder Management Framework;
- Monitor that there is a transparent and effective communication with stakeholders to build and maintain their trust and confidence; and
- Monitor that there is a mechanism in place geared at ensuring that disputes are resolved effectively, efficiently and expeditiously as possible.

In terms of the Board Charter, the Board has the following roles and responsibilities regarding stakeholder management:

- Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles;
- Appreciate that stakeholder's perceptions affect the Company's reputation; and
- At least once a year, review shareholder, client and other relevant stakeholder relations.

Stakeholder management and engagement has been delegated to the CEO in terms of the ECIC Delegation Matrix. The Manager: Office of the CEO is responsible for the implementation of this Stakeholder Management Framework and reporting back to SEC and the Board on the progress.

The Stakeholder Management Framework is reviewed by management based on the engagements that have occurred over the period since the previous review, and approved by SEC and Board.

An annual Stakeholder Engagement Plan to address the identified needs and expectations is approved by SEC. The achievement of the Stakeholder Engagement Plan is an ECIC strategic objective and is monitored by the Manager: Office of the CEO.

34.3 Identifying stakeholders and stakeholder groups

The Stakeholder Management Framework focuses on a broad spectrum of identified stakeholders, each with its own unique environment potentially being of value to the ECIC in our efforts to stimulate exports of goods and services.

Stakeholder identification is informed by the ECIC mandate and is guided by the following attributes:

Dependency:

Groups or individuals who are directly or indirectly dependent on ECIC's activities, products or services and associated performance, or on whom ECIC is dependent in order to operate.

Responsibility:

Groups or individuals to whom ECIC has, or in the future may have, legal, commercial, operational or ethical/moral responsibilities.

Tension:

Groups or individuals who need immediate attention from ECIC with regard to financial, wider economic, social or environmental issues.

Influence:

Groups or individuals who can have an impact on ECIC's or a stakeholder's strategic or operational decision-making.

Diverse perspectives:

Groups or individuals whose different views can lead to a new understanding of the situation and the identification of opportunities for action that may not otherwise occur.

34.4 Determination of material stakeholders based on the extent to which they affect, or are affected by the activities, outputs and outcomes of the organisation

We map stakeholder importance and influence annually to ensure that we stay abreast of the dynamic environments, locally and in Africa, in which they operate.

Our systems promote and record stakeholder interaction and our responses to their needs, while enhancing our understanding of trends and changes in stakeholder expectations and interests.

Based on this the following material stakeholder groups have been identified:

- Key government departments;
- Parliament;
- FSCA and Prudential Authority (Regulator);
- Customers (financial institutions and exporters);
- Partners;
- Governments of importing countries;
- Employees; and
- The media.

34.5 Formal mechanisms for engagement and communication with stakeholders, including the use of dispute resolution mechanisms and associated processes

Responsibility for the engagement and communication with stakeholders resides with the below Stakeholder group owners.

ECIC Stakeholder group owners:

Stakeholder group owner	Stakeholder group	How addressed
Office of the CEO	The **dtic** National Treasury Parliament Portfolio Committee on Trade, Industry and Competition South African Chamber of Commerce and Industry	Implementation of annual Stakeholder Engagement Plan
Business Development	Afreximbank BRICS ECAs Customers DPE entities Export Councils Embassies and Ambassadors High Commissions	Implementation of annual Customer Engagement Plan ECIC Pipeline
Marketing and Communication	Media	Marketing and Communications Strategy
Human Capital	Employees	Employee Engagement Plan
Compliance	FSCA PA	Annual Compliance Monitoring Plan
Political, Economic Analysis and Research	Berne Union DIRCO	Compilation of annual research reports

34.6 Measurement of the quality and effectiveness of material stakeholder relationships, and appropriate responses to outcomes

The quality and effectiveness of material stakeholder relationships is measured by the Brand, Reputation & Customer Satisfaction Survey which will be tracked as a strategic objective going forward. A Stakeholder Engagement Survey was also undertaken with key stakeholders not addressed by the Brand, Reputation & Customer Satisfaction Survey.

Brand, Reputation & Customer Satisfaction Survey

The primary measure of the quality and effectiveness of material stakeholder relationships is the Brand, Reputation & Customer Satisfaction Survey Report. The main objectives of the survey are:

- Brand awareness: Assess ECIC's brand value and brand equity.
- Corporate reputation: Determine ECIC's corporate reputation level
- Desired reputation: Develop a roadmap to aid ECIC in realising its desired reputation level
- Perceptions: Ascertain the current perceptions of ECIC amongst its key external stakeholders

The survey is conducted every three years. The latest survey was conducted in November 2018. The annual Customer Engagement Plan, Stakeholder Engagement Plan, and Marketing and Communications Strategy are designed to maintain a high rating on the survey.

Stakeholder Engagement Survey

The Survey had the objectives of identifying opportunities to strengthen ECIC's engagement with stakeholders, identify strengths and challenges, and to recommend improvement actions.

The challenges identified from the Survey are included in the Areas of Focus below and will be addressed in the Stakeholder Engagement Plan:

34.7 Areas of focus

Based on the identified needs and expectations from engagements since 1 April 2019 the following will be focused on in the future:

1. Clearly delineating the factors impacting the execution of the ECIC mandate and address those within our control;
2. Enhancing stakeholder engagement bulletins informing stakeholders of developments at ECIC, deals supported as well as portfolio analysis;
3. Communication of successful projects;
4. Presenting "one face" to stakeholders even if different ECIC staff interact with the same stakeholder;
5. Improve transparency of communication and effectiveness of information sharing initiatives;
6. Identification of potential business opportunities;
7. Management of risk; and
8. Enabling reporting of unethical behaviour by ECIC representatives.

35. MARKETING AND COMMUNICATION STRATEGY

35.1 Purpose

Create awareness and understanding of the ECIC mandate with the aim of unlocking business opportunities by initiating a programmatic campaign emphasizing ECIC's extended mandate and the AfCFTA.

35.2 AfCFTA Campaign

- To develop and implement a targeted marketing and communications campaign in relation to the African Continental Free Trade Area (AfCFTA)
- Develop and implement targeted local and international marketing and communications initiatives
- Initiating an ECIC advocacy programme with key local and international stakeholders to raise the level of awareness and understanding of the ECIC brand

The successful execution of the campaign will be demonstrated in the following measure:

- Improve brand visibility through the programmatic social media campaign

Other Marketing and Communications Initiatives:

- Conduct a Brand and Customer Survey – 2022/23
- Produce an interactive website via the implementation of an ECA Calculator

ANNEXURES

ANNEXURE A: MATERIALITY AND SIGNIFICANCE FRAMEWORK

1. SCOPE

The Board of Export Credit Insurance Corporation (ECIC) is responsible for developing a Materiality and Significance Framework that must be updated annually before the start of the financial year. The Materiality and Significance Framework must be incorporated into the Strategic Plan of the Corporation.

2. LEGISLATIVE REQUIREMENTS

Section 54(2) of the Public Finance Management Act (Act no. 1 of 1999) (PFMA) requires that the accounting authority (Board of the Corporation) must inform the relevant treasury and submit relevant particulars to its executive authority for approval in respect of any of the following qualifying transactions:

- participation in a significant partnership, trust, unincorporated joint venture or similar arrangements [section 54(2)(b)];
- acquisition or disposal of a significant shareholding in a company [section 54(2)(c)];
- acquisition or disposal of a significant asset [section 54(2)(d)];
- commencement of cessation of a significant business activity [section 54(2)(e)]; and
- a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement [section 54(2) (f)].

Section 55(2)(b)(i) of the PFMA requires the annual report and financial statements of a public entity to "include particulars of any material losses through criminal conduct and any irregular and fruitless and wasteful expenditure that occurred during the financial year".

In terms of section 55(1)(d) of the PFMA the annual report and financial statements of the Corporation must be submitted to the National Treasury. Based on the submitted information, the National Treasury may decide to conduct further investigations into the activities of the Corporation. As a result, it is important for the Corporation to set the materiality and significance figures at an appropriate level to ensure that the correct information is included in the annual report and financial statements, and communicated to the National Treasury for approval.

The Treasury Regulations state the following:

- TR 28.3.1 – For purposes of material [section 55(2) of the Act] and significant [section 54(2) of the Act], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.

3. DEFINING "MATERIALITY" AND "SIGNIFICANCE"

3.1 Materiality

Materiality is defined in the Handbook of International Auditing, Assurance, and Ethics Pronouncements (2005 edition) as follows:

"Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful."

The materiality of losses through criminal conduct, irregular expenditure and fruitless and wasteful expenditure should be evaluated both individually and in aggregate.

3.2 Significance

Significant is defined as “extensive or important enough to merit attention” and may, therefore, be interpreted as of relative importance to the Corporation as a whole. Thus, a transaction will be significant if conducting the transaction is vitally important in order to fulfil the Corporation’s mandate and for it to operate effectively. These types of transactions could include a major re-structuring of the balance sheet through changes in financing or accounting policies, etc.

As with “material” there is no set rule for calculating a “significant monetary value.” The Corporation should consider the importance of the transaction, that is, the impact of the transaction on the Corporation as a whole.

From the interpretations above, it can be seen that there is a difference between “material” and “significant.” Significant is larger than material, as a significant transaction impacts on the Corporation as a whole. An occurrence may be material but not necessarily significant, whereas any occurrence that is significant will be material.

The materiality figure calculated by the Corporation should not exceed the figure used (reviewed annually) by the external auditors, because it could indicate a difference of opinion regarding the materiality of misstatements.

4. DETERMINING THE MATERIALTY / SIGNIFICANCE LEVELS

Factors to consider in determining the materiality and significance levels for the Corporation include, but are not limited to:

4.1 Nature of the Corporation business

The Corporation should be guided by its accountability and the sensitivity of its accounts, activities and functions regarding its regulatory duties. The Corporation should also consider the impact that its materiality and significance framework, and therefore the information reported to the National Treasury, could have on decisions and actions taken by the National Treasury.

4.2 Statutory requirements

Materiality and significance levels may be influenced by considerations such as the legal impact of those Acts with which the Corporation is required to comply. The Corporation should consider all pertinent statutory requirements in formulating its materiality and significance framework.

4.3 Risks

There is an inverse relationship between materiality / significance and the level of risk; that is, the lower the risk, the higher the materiality / significance level, and vice versa. For example, where the internal controls preventing / detecting irregular, fruitless or wasteful expenditure are insufficient, the control risk is high, and the materiality needs to be set at a lower level. The Corporation should look at risk management limits set for transactions of an operational nature.

4.4 Quantitative and qualitative factors

The Corporation should take both quantitative (amount) and qualitative (nature) factors into consideration. Although significance may contain quantitative elements, it may require more qualitative considerations in comparison to materiality. This in turn requires professional judgment and particular regard for the specific transaction in the context of the Corporation as a whole. Due to the fact that the decision as to which qualitative factors should be considered in setting the significance level requires notably more professional judgment, the Board should consider this decision.

4.5 Nature of the transaction

In setting a monetary value for significance, it may be practicable to differentiate between the following two types of transactions:

- transactions that are operational in nature, that is, part of the Corporation's normal, everyday business of regulating financial institutions; and
- transactions that are strategic in nature, that is, outside the Corporation's normal, everyday business or transactions that are non-routine or that would impact on the business or financial position of the Corporation as a whole.

Losses resulting from criminal conduct may be seen as material based on the public accountability of the Corporation, regardless of the monetary value of the amount.

Refer to Annexure A for the materiality / significance factors that have been taken into account in arriving at the Materiality and Significance Level for the Corporation.

5. COMPLIANCE

To ensure compliance to the PFMA the following steps will be taken:

	DETAIL	Person Responsible	Date
1	Review materiality and significance framework in consultation with external auditor	CFO	As per Treasury guidelines
2	Approval of framework	Board	Annual - January
3	Include framework in strategic plan	CFO	Annual – January
4	Include framework in annual report	CFO	Annual – August
5	Include particulars of any losses through criminal conduct, irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year in annual report	CFO	Annual - August
6	Maintain a register on all irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year	Head of Procurement and CFO	Ongoing
7	Report all material / significant items to Board	CEO	As and when they occur

SUB-ANNEXURE A: DETERMINING THE MATERIALITY AND SIGNIFICANCE LEVELS

1 Approach

To determine the materiality and significance levels, the following principles will be applied:

1.1 Main factor to determine material amount

The operating requirements of the Corporation are to ensure that all its expenses are recovered through insurance premiums and investment income. The Corporation also has legislative requirements to hold a minimum amount of capital to reduce the risk of insolvency from paying claims.

1.2 Percentage to be used

The percentage used will be calculated by using the following factors as a guideline:

- percentage used in prior year;
- percentage used by external auditor in determining the external audit materiality amount; and
- comparison with possible external entities.

The percentage will be adjusted taking qualitative factors into consideration.

With regard to the information to be presented to National Treasury in terms of the Section 54(2) of the PFMA to the following quantitative factors will be considered:

- Qualifying transactions of an operational nature: 1% of Total Assets
- Qualifying transactions of a strategic nature: 1% of Equity
- Regardless of the monetary value thereof all direct equity investments:
- greater than 20% require formal information to the Executive Authority; or
- greater than 50% require approval by the Executive Authority.
- S54(d) Except with regards for salvaging purposes in respect of underwriting activities, any asset that comprises 30% of Total Assets.
- S54(e) If the activity comprises a capital outlay of, or will require an upfront capital outlay of, 30% of Total Assets.
- S54(f) Where the change is not covered by the mandate of ECIC.

A qualifying transaction may also be considered significant based on considerations other than financial when, in the opinion of the Board, it is considered to be significant for the application of section 54.

The decision on which non-financial issues may be considered rests with the Board as representative body of the shareholder. As an example, the Board may consider a qualifying transaction as significant when it could impact significantly on a mandate of the Minister.

The following range of percentages is generally used by the audit profession to determine materiality:

- 0.25% to 1% of gross revenue;
- 0.5% to 2% of total assets;
- 1% to 2% of gross profit;
- 2% to 5% of shareholders' equity;
- 2.5% to 10% of pre-tax profit.

2. Parameters to use for materiality factor

2.1 Quantitative bases for consideration

Revenue	2021/22 R'000 (Forecast)	2020/21 R'000	2019/20 R'000
Net Insurance Premium Revenue	786 716	611 453	523 290
Claims Incurred	-	69 331	76 875
Assessment Fees	895	271	232
Reinsurance commission	449	347	0
Net Investment Income	260159	822 981	122 549
Other income	-	190	114
Total revenue	**1 048 218**	**1 504 573**	**723 060**

Assets	2021/22 R'000 (Forecast)	2020/21 R'000	2019/20 R'000
Total Assets	**9 640 447**	**10 204 214**	**10 784 073**

Shareholders' Equity	2021/22 R'000 (Forecast)	2020/21 R'000	2019/20 R'000
Shareholders' Equity	7 483 228	6 504 738	6 049 617

Profit before tax	2021/22 R'000 (Forecast)	2020/21 R'000	2019/20 R'000
Profit/(Loss) before tax	1 143 816	1 835 771	434 156

2.2 Quantitative ranges for consideration

Minimum	2021/22 R'000 (Forecast)	2020/21 R'000	2019/20 R'000
0.25% of Revenue	2 620 546	3 761 433	1 807 650
0.5% of Assets	48 202 234	51 021 070	53 920 365
2% of Shareholders' Equity	149 664 559	130 094 760	120 992 340
2.5% of Profit before tax	28 595 388	45 894 275	10 853 900

Mid	2021/22 R'000 (Forecast)	2020/21 R'000	2019/20 R'000
0.5% of Revenue	5 241 092	7 522 865	3 615 300
1% of Assets	96 404 468	102 042 140	107 840 730
2.5% of Shareholders' Equity	187 080 698	162 618 450	151 240 425
5% of Profit before tax	57 190 776	91 788 550	21 707 800

Maximum	2021/22 R'000 (Forecast)	2020/21 R'000	2019/20 R'000
1% of Revenue	10 482 185	15 045 730	7 230 600
2% of Assets	192 808 935	204 084 2800	215 681 460
5% of Shareholders' Equity	374 161 396	325 236 900	302 480 850
10% of Profit before tax	114 381 551	183 577 100	43 415 600

2.3 Basis percentage to be used

As stated in the framework the materiality amount should not be more than the materiality amount used for external audit purposes. The materiality amount of R107 841 000 used by the external auditors for the 2020/21 audit was 1% of the 2019/20 Total Assets. The norm in the audit industry is to use Profit before tax but due to the volatile nature of this base (as can be seen in 2.1 and 2.2 above) the external auditors chose to use Total Assets due to its stability.

It is therefore recommended that the minimum amount of 0.5% of the 2021/22 Total Assets (R48 202 234) be used for reporting to EXCO, Board and inclusion in the Annual Report.

3. Calculation of materiality amount

Income Statement	2021/22 R'000 (Forecast)	2020/21 R'000	2019/20 R'000
Revenue	1 048 218 468	1 504 573 000	723 060 000
Percentage used	0.50%	0.50%	0.50%
Materiality amount	**5 241 092**	**7 522 865**	**3 615 300**

Statement of Financial Position	2021/22 R'000 (Forecast)	2020/21 R'000	2019/20 R'000
Total Assets	9 640 446 753	10 204 214 000	10 784 073 000
Percentage used	0.50%	0.50%	0.50%
Materiality amount	**48 202 234**	**51 021 070**	**53 920 365**

4. Reasonableness review

The materiality for the 2020/21 audit as determined by the external auditors was R107 841 000 as per the calculation detailed in 2.3 above.

5. Conclusion

The materiality amount recommended for the Corporation for the financial year 2022/23 is R48 million.

All irregular expenditure and fruitless and wasteful expenditure are considered material.

ANNEXURE B: INDICATOR PROFILES

1. Contribute to trade facilitation that results in job creation

1	Indicator title	Number of approved transactions	Value of approved transactions	Value of approved transactions within expanded sectoral coverage	Number of companies benefitting under the Export Passport Programme
2	Short definition	Number of approved transactions	Value of approved transactions	Value of approved transactions within expanded mandate	Export Passport Programme
3	Purpose/ importance	To increase revenue generating capacity	To increase revenue generating capacity	To increase revenue generating capacity	To increase revenue generating capacity
4	Source/collection of data	Resolutions of Projects EXCO; Finance, Investment and Insurance Committee; and Board	Resolutions of Projects EXCO; Finance, Investment and Insurance Committee; and Board	Resolutions of Projects EXCO; Finance, Investment and Insurance Committee; and Board	Resolutions of Projects EXCO; Finance, Investment and Insurance Committee; and Board
5	Method of calculation	Count the number of the insurance applications approved per 4 above	Sum the value of the insurance applications approved per 4 above	Sum the value of the insurance applications approved per 4 above that are specifically included in Addendum to the 2016 Agreement between the Minister and ECIC	Number of companies benefitting under the Export Passport Programme
6	Data limitations	None	None	None	None
7	Type of indicator	Lagging	Lagging	Lagging	Lagging
8	Calculation type	Count	Sum	Sum	Sum
9	Reporting cycle	Annual	Annual	Annual	Annual
10	Desired performance	Achieve set targets	Achieve set targets	Achieve set targets	Achieve set targets
11	Indicator responsibility	COO	COO	COO	COO

2. Enhance transformation

1.	Indicator title	Maintain B-BBEE level
2.	Short definition	B-BBEE level
3.	Purpose/importance	Improve B-BBEE level and employment equity initiatives to enhance the national transformation agenda towards and inclusive economy
4.	Source/collection of data	B-BBEE scorecard
5.	Method of calculation	B-BBEE level
6.	Data limitations	None
7.	Type of indicator	Lagging
8.	Calculation type	B-BBEE level
9.	Reporting cycle	Annual
10.	Desired performance	Achievement of agreed milestone
11.	Indicator responsibility	General Counsel

3. Improve employee value proposition

1. Indicator title	Percentage of staff retained
2. Short definition	% Staff retained
3. Purpose/importance	To maintain a competent and competitive workforce that is able to deliver on the business strategy and the achievement of the Corporation's objectives
4. Source/collection of data	Report from the HR System
5. Method of calculation	(Start of Period Headcount + External Hires – Terminations) / (Start of Period Headcount + External Hires) * 100. The calculation of staff retention excludes FTCs who cannot be retained by nature of their contracts.
6. Data limitations	None
7. Type of indicator	Leading
8. Calculation type	Count
9. Reporting cycle	Quarterly
10. Desired performance	Achievement of agreed milestone
11. Indicator responsibility	Head: HR

4. Improve business processes and systems

1. Indicator title	Percentage of business processes automated
2. Short definition	% Business processes automated
3. Purpose/importance	Improve business processes and systems to improve operational efficiency
4. Source/collection of data	2020/21 – 2023/24 Business process automation plan Signed-off reports by the respective business process owners.
5. Method of calculation	The business process automation plan identifies a total of 46 business processes to be automated. % Business processes automated = (no. of automated processes / total processes) * 100
6. Data limitations	None
7. Type of indicator	Leading
8. Calculation type	Percentage
9. Reporting cycle	Annual
10. Desired performance	Achievement of agreed milestone
11. Indicator responsibility	Head: ICT

5. Improve staff efficiency

1. Indicator title	Staff efficiency
2. Short definition	Staff efficiency
3. Purpose/importance	To maintain an employee cost base within sustainable levels considering earned premiums over the medium-term
4. Source/collection of data	Management accounts
5. Method of calculation	Employee costs (salaries and short-term incentives) for the financial year to earned premium (3-year average)
6. Data limitations	None
7. Type of indicator	Lagging
8. Calculation type	Percentage
9. Reporting cycle	Annual
10. Desired performance	Achievement of agreed milestone
11. Indicator responsibility	Head: HR

6. Embed risk management practices

1.	Indicator title	Ensure no breaches of risk appetite limits over the 5-year period	Desired Risk Maturity Levels
2.	Short definition	Risk appetite limits	Risk maturity levels
3.	Purpose/importance	Embed sound risk management practices to ensure a self-sustainable Corporation that transacts within risk appetite limits	Embed sound risk management practices to ensure a self-sustainable Corporation that transacts within risk appetite limits
4.	Source/collection of data	Strategic Risk Reports	Strategic Risk Reports
5.	Method of calculation	Number of breaches on Risk Appetite table from 1 April 2022	Percentage of Risk Maturity Levels at a 3
6.	Data limitations	None	None
7.	Type of indicator	Lagging	Lagging
8.	Calculation type	Number	Percentage
9.	Reporting cycle	Annual	Annual
10.	Desired performance	Achieve set target	Achieve set target
11.	Indicator responsibility	CRO	CRO

7. Enhance financial sustainability

1.	Indicator title	Percentage increase in equity	Track the operating cost base of underwriting activities
2.	Short definition	Percentage increase in equity	Track the operating cost base excluding bonus of underwriting activities
3.	Purpose/importance	Increase capital base to support the growth and sustainability of the Corporation	Increase capital base to support the growth and sustainability of the Corporation
4.	Source/collection of data	Management accounts (USD functional currency)	Management accounts (USD functional currency and presented in Rands)
5.	Method of calculation	Percentage increase of profit after tax (excluding foreign exchange gains/ losses and related tax) over the equity at the end of previous financial year. The related tax is the USD equivalent of the ZAR functional currency tax adjustment.	Operating cost excluding bonus within the Underwriting Result section of the management accounts
6.	Data limitations	None	None
7.	Type of indicator	Lagging	Lagging
8.	Calculation type	Percentage	Number
9.	Reporting cycle	Annual	Annual
10.	Desired performance	Achieve set targets	Achieve set targets
11.	Indicator responsibility	CFO	CFO

8. Stakeholder and customer engagement

1. Indicator title	Culture Entropy score	Corporate Reputation Index Performance (CRIP) score
2. Short definition	Culture Entropy score	Corporate Reputation Index Performance (CRIP) score
3. Purpose/importance	To improve organisational culture	To maintain a high brand, reputation and stakeholder satisfaction score
4. Source/collection of data	Result of survey	Result of survey
5. Method of calculation	Result of survey	Result of survey
6. Data limitations	None	None
7. Type of indicator	Lagging	Lagging
8. Calculation type	Percentage	Percentage
9. Reporting cycle	Annual	Annual
10. Desired performance	Achieve set targets	Achieve set targets
11. Indicator responsibility	Head: HR	COO, Head: Marketing, Communications and CSR, Manager: Office of the CEO

9. Enhance corporate governance

1. Indicator title	Effective governance and internal control measures
2. Short definition	Clean audit with no repeat findings on the BAC report
3. Purpose/importance	To ensure a transformed Corporation with effective governance and internal control measures
4. Source/collection of data	External Audit BAC Report
5. Method of calculation	Count
6. Data limitations	None
7. Type of indicator	Lagging
8. Calculation type	Count
9. Reporting cycle	Annual
10. Desired performance	Achievement of agreed milestone
11. Indicator responsibility	CFO

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