



*IDC Briefing to the PC on Trade,
Industry & Competition - May 2026*

*Strategic Vision, Transformation,
& 2026/27 Plan*

*Presented by: Ms. M Lekhethe, CEO, & the
IDC Executive Management*

Partnering you. Growing the economy. Developing Africa.



Purpose:

Responding to the Committee's Request dated 01/04/2026

The IDC welcomes the opportunity to brief this Committee. Our presentation today directly addresses the PC's request for insights into:

1. Our strategic vision and direction
2. How we balance developmental objectives with financial sustainability.
3. Significant shifts in our approach to funding, risk management, and client support.
4. Our Strategic Plans for the 2026/27 financial year.

We will also highlight **proactive initiatives** underway to accelerate industrialisation and reaffirm our commitment to transformation.

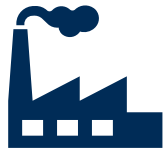


IDC's Strategy Review:

Responding to Board, Parliament and other key stakeholders

Purpose : Significantly scale development impact while safeguarding financial sustainability. This strategy review, initiated following recommendations from the Shareholder Representative, the IDC Board and engagements with Parliament, and other key stakeholders focuses on three interlocking pillars:

1



Developmental Impact

Sharpen IDC's strategic positioning as a catalytic industrial development finance institution

Enhance contribution to industrial ecosystems in South Africa and across Africa

2



Financial Strength

Improve capital allocation discipline and capital efficiency

Strengthen its role as a capital mobilisation and crowding platform

3



Organisational Capabilities

Align organisational capabilities, governance arrangements and operating assets with the approved strategic direction.

Timeline: The review commenced in Q1 2026, with implementation milestones embedded in the 2026/27 Corporate Plan. Full alignment targeted by end 2026/27. **Our commitment to Parliament: We will provide a formal update on the outcomes of this review in due course.**



IDC's Strategic Vision:

Developing & Funding Industries in Future Sectors Towards 2030

Our Mandate: To drive an ambitious programme of inclusive and sustainable employment-creating industrialisation in South Africa and the region.

Our Strategic Role

(Towards 2030): The IDC is an industrial enabler – a platform that develops and funds industries, shapes markets, mobilises capital and partners, and removes barriers to industrial development.

Organisational Excellence

Building a future-ready, high-performance institution.

Catalytic Industrialisation

Developing competitive value chains in critical sectors.

Financial Sustainability

Ensuring long-term resilience and portfolio management.

Transformative Growth

Scaling inclusive enterprises and spatial development.



Regional Integration

Developing cross-border value chains under AfCFTA.

Partnership-Led Model

Convening blended finance and co-investing.

Our message to Parliament: The IDC is the *primary instrument* for *developing and funding* industries in future sectors. By 2030, we will have *built new industrial capacity, deepened transformation*, and positioned South Africa as a *competitive hub* for critical minerals, green industries, and *advanced manufacturing*.



Our Strategic Direction - *We are concentrating resources on competitive, future-focused, job-rich value chains*

We have shifted from a sector-based to a value-chain & pathways approach.

- **Green Industrialisation:** Critical minerals & battery manufacturing, green hydrogen.
- **Digital & Blue Economies:** Digital infrastructure, aquaculture, marine services.
- **Services & Tourism:** High-employment growth via intra-African travel.
- **Tech Enabled :** Competitive agriculture, agro-processing, beneficiation.



Case in point: Our Critical Minerals strategy is not just about mining; it is about developing the entire battery value chain from precursors to gigafactory assembly, linking upstream resources with downstream market demand (automotive, energy storage).



Balancing Developmental Impact with Financial Sustainability - *Our developmental mandate depends on a financially sustainable IDC*

Our strategy to achieve this balance includes:

Developmental Objective	Financial Sustainability Enabler
Invest in high-impact, long-gestation projects (e.g., gigafactory).	Blended Finance: Crowd in private & DFI capital to share risk and leverage our balance sheet.
Support strategic but distressed subsidiaries (Foskor, Prilla).	Active Portfolio Management: First deal with bad debt, then support viable businesses to recover vs. indefinite support. Implementing strict turnaround plans.
Fund SMEs rural and spatial economies.	Channel Partner Model: Lend through aggregators (e.g., SEFA, NEF) for smaller deal sizes, reducing our direct cost-to-serve.
Manage high levels of impairments (31.4% in 2025/26).	Disciplined Target: Reduce impairments to 26.1% by 2028/29 via rigorous risk monitoring.

Our message: We are *moving* to a medium to low risk portfolio without abandoning our developmental mandate.



Evolving our Funding, Risk & Client Support Models

We are fundamentally changing our funding, risk, and client support models

Area	The Shift	Why it matters
Funding	From holding assets to mobilising capital . Seeking tax-exempt status to unlock foreign grants. Issuing green/transition bonds.	Multiplies our impact. Every R1 of IDC capital can attract R2 from partners.
Risk	From reactive provisioning to predictive & proactive management . Enhanced early-warning systems (Watchlist).	Protects the balance sheet. Allows us to intervene early to save jobs and industrial capacity.
Client Support	From post-disbursement monitoring to active value creation . Dedicated Client Support & Growth division to implement Value Creation Plans.	Moves beyond 'policing' clients to actively helping them succeed, especially black industrialists and SMEs.

Our message: We are *shifting* from holding assets to *mobilising capital* – multiplying our impact while protecting our balance sheet and actively enabling client successes



A photograph of a large-scale construction project. In the foreground, a modern building with a glass facade is under construction, supported by concrete pillars. A yellow crane stands tall in the background. The sky is blue with some clouds. A semi-transparent blue banner is overlaid on the right side of the image, containing the title text.

Strategy & 2026/27 Corporate Plan

Executive Summary – The IDC of the Future

A Fundamental Shift in Strategy and Role

Key Messages

- The **2026/27 Plan** has been compiled within a **constrained but improving economic environment**.
- Moving from a **single lender** to a **catalytic development platform** crowding in other funders.
- Focusing on **future-proofing the IDC by building new, job rich and competitive industries - Critical minerals and battery value chains, green and circular industries, tourism and services, the digital and blue economy opportunities, agro-industrial expansion, and industrial infrastructure that improves productivity**, whilst supporting de-industrialisation of key sectors.
- Playing a lead role in expanding **transformative ownership** and **participation**, with emphasis on **women, youth** and **spatial inclusion**.
- Prioritising **competitiveness, scale, impact**, and **sustainability** in all decisions.
- Becoming a **continental integrator of industrial value chains (AfCFTA)**, leveraging SA/Afrexim Country Programme.
- Building an **internally high-performance, digitally-enabled, and future-ready organisation**.



The Operating Reality: Why Change is Necessary

Navigating a Constrained & Complex Environment

External Headwinds

- Low domestic growth (1.2% in 2025).
- Global trade tensions & protectionism (AGOA, CBAM).
- Middle East conflict disrupting global energy markets, trade and capital flows.
- Infrastructure reforms (Energy, Transnet, Gas Cliff).
- Sectoral pressure (Mining, Manufacturing).

Internal Imperatives

- Concentrated, high-risk portfolio.
- Legacy asset burden (Foskor, etc.).
- Balance sheet constraints requiring disciplined capital allocation.
- Need for faster, more efficient processes.

Our message: The status quo is not an option. A more *disciplined, partnership-driven* approach is required.





Our Mandate & Alignment to National Priorities

From National "What" to IDC's Industrial "How"

7th Administration priorities,
Transformation Fund, National
Industrial Policy, NDP, MTDP,
GAIN

Inclusive growth
& Job creation



Reduce poverty &
tackle high cost of
living

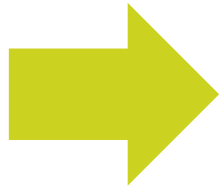


A capable, ethical
& developmental
state



IDC's Proactive Interpretation

Solving market failures
Positioning SA
competitively



Our Strategic Focus
(Destination)

Long-term, patient investments &
Short-term, growth-oriented
financing
Value Chains
Pathways
Transformation

The primary mandate of the IDC is the development of industrial capacity - anchored in the IDC founding Act of 1940.



2026/27 Performance Plan: Ambitious & Measurable Targets

We will measure our success not just by funds invested, but by tangible outcomes:

R38.5 billion



Total Funds Invested in the economy

Across all priority value chains

R6.9 billion



Value of funds crowded in for SME's

Leveraging partners to reach small businesses more effectively

16 000



No of jobs expected to be created & saved

Prioritising labour absorbing sectors (agro- processing, tourism and Global Business Services)

R15.7 billion



Increase in Exports generated through IDC funding

Growing South Africa's share of regional and global markets

R6.0 billion



Value of funds crowded in for transformation

Direct support for Black Industrialists, women/youth-owned enterprises.

R30.0 billion



Value of funds crowded in for spatial & rural development

Investing outside metro's to enable inclusive growth



Managing Key Strategic Risks

We are prepared for the headwinds

Risk	IDC Mitigation Strategy
Deindustrialisation & Import Competition	Aggressive support for localisation (e.g., Independent Transmission Project (ITP) procurement programme) and competitiveness upgrades for clients.
Energy Prices & Availability	Directly funding embedded generation (solar, battery storage) for our clients. R11.7bn allocated for Infrastructure & Energy sectors.
Increased Protectionism	Diversify export markets via AfCFTA strategy. Support local manufacturing of critical inputs.
Financial Crime & Corruption	Zero tolerance policy. Robust due diligence, active whistle-blowing mechanisms (Tip Offs Anonymous), and listing on the Delinquent Register for perpetrators.

Our message: Anticipating headwinds, *mitigating proactively* to *protect industrial capacity* and the *IDC's balance sheet*.



Reaffirming our Transformation Leadership - *The IDC is, and remains, the country's largest B-BBEE financier. Transformation is not a side issue – it is our mandate.*

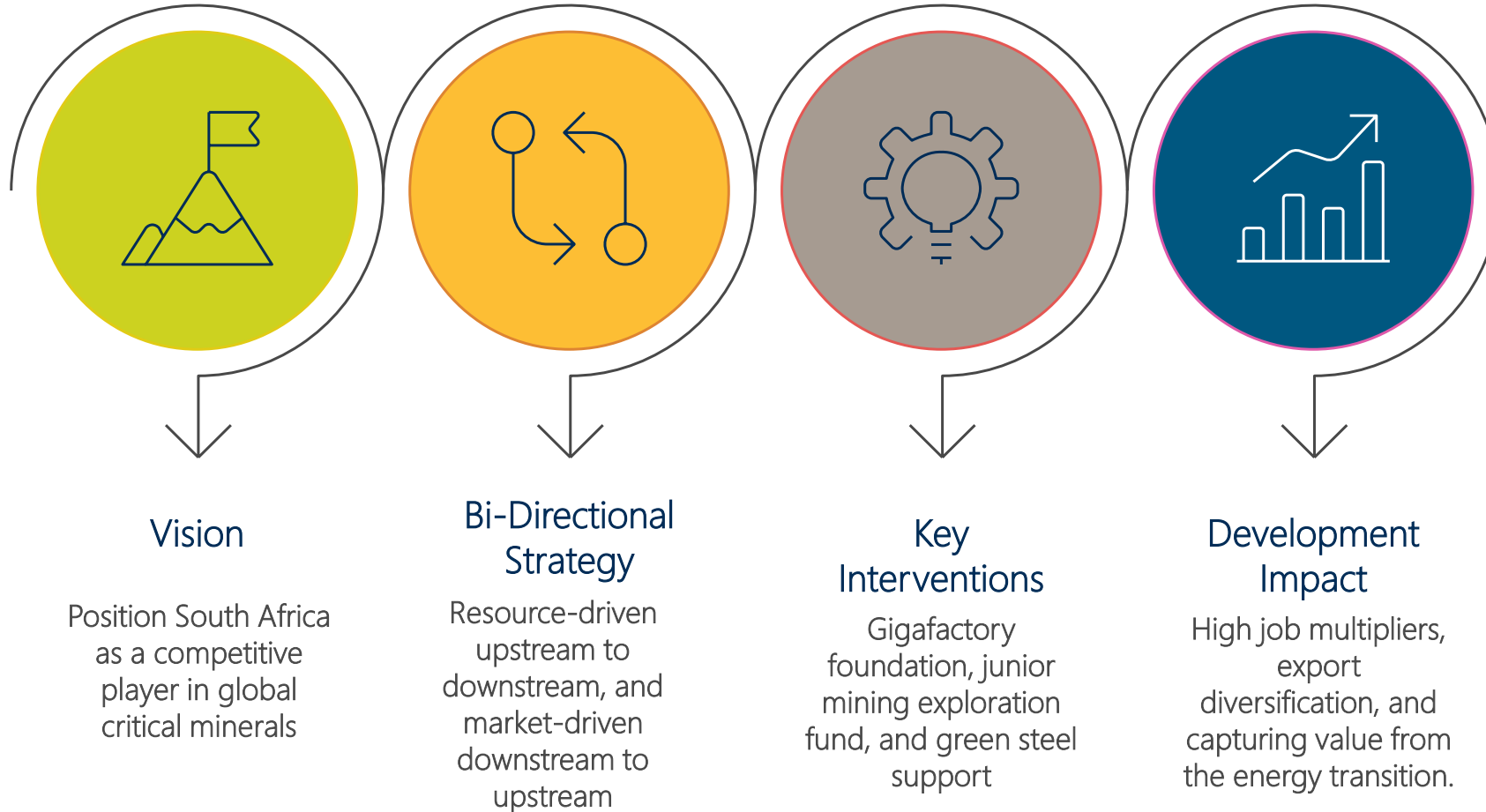
Our Pledge	Evidence & 2026/27 Targets
Black Industrialist Support	Support R6.0 billion targeted funding committed. Focus on moving from first-time funding to scaling existing black-owned enterprises.
Women & Youth Entrepreneurship	Dedicated targets: funding for >25% women-owned and youth-owned businesses.
Spatial Inclusion	Dedicated targets: funds crowded-in for rural and spatial development
Worker & Community Ownership	Ownership Active promotion of broad-based schemes (worker trusts, community trusts) in all major transactions.
Internal Transformation	Our own executive management and board reflect the demographics of the nation we serve – *Executive (78%), *Heads (66%), *Managers (70%), *Professional Staff (85%), *Admin Staff (92%), *Support Staff (100%).

*Our message: Transformation is achieved through industrialisation – by building productive, competitive, and inclusive enterprises. We invite the Committee to hold us accountable against these measurable targets. To enhance stakeholder engagement, the Corporation is establishing an **Independent Complaints Review Panel** to handle complaints outside management, under Board oversight.*



*African Black

Proactive Initiative #1: IDC's Critical Minerals Industrialisation Plan - *Going beyond the request: Our flagship programme for the future*



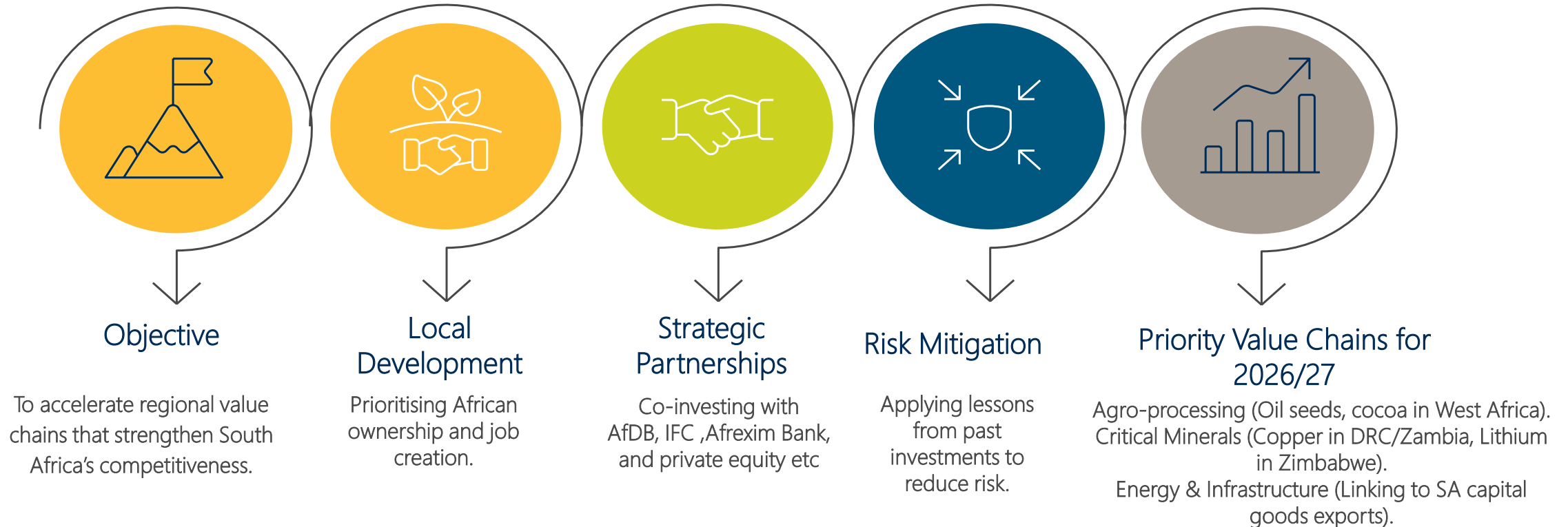
Our message: *Building a complete battery value chain, from mining to giga factory, to capture value from the global energy transition .*



Proactive Initiative #2: Rest of Africa & AfCFTA Integration

-Going beyond the request: Our continental strategy

Continental Strategy Pillars



Our message: *Enabling South African companies to become integrators* of regional value chains – not just exporters of goods





Conclusion & Request for Portfolio Committee Support

The IDC is fit-for-purpose and ready to deliver.

We have a clear, ambitious, and realistic plan to drive industrialisation. However, we request the Portfolio Committee's support in two critical areas:

- 1. Policy Coordination:** To accelerate investment, we support the continued implementation of the existing industrial policy framework and request assistance in removing specific regulatory delays (e.g., for third-party rail access, IPP approvals).
- 2. Tax Exemption Status:** We request the Committee's advocacy for the IDC's tax-exempt status application. This is not a concession; it is an investment enabler that will unlock foreign grant funding and allow us to recycle more capital into development.

The IDC is your **primary instrument for industrial transformation**. With the right enabling environment, we will **build** a **competitive, inclusive, and sustainable economy**.

Thank you.





Thank you



ANNEXURES

Financial Plan Summary - *A disciplined, cash-funded plan – delivering R51.5bn in disbursements while embedding R1.6bn in structural savings*

- **Total disbursements (3 years): R51.5 billion** (FY2027 – FY2029)
- **Primary funding source:** Internally generated cash (limited borrowing)
- **Cash interest collections target:** ~75% (improving earnings quality & liquidity)
- **Structural savings (5 years): R1.6 billion** (digitisation & expense discipline)
- **Oversight:** Dedicated project office + quarterly Board reporting
- **Stress testing:** Completed; adverse conditions modelled
- **Critical success factor: Rigorous portfolio management & assumption adherence.**



R Million	Forecast			
<u>Cash Flows</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>Total 3 Years</u>
On-balance sheet advances (R'm)	16 271	17 420	17 819	51 510
External funds raised (R'm)	5 016	3 025	6 654	14 695
- of which foreign borrowings	516	525	499	1 540
Proceeds from sale of shares	481	-	-	481
<u>Balance Sheet</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>End – 2026/27</u>
Financing at market values (R'm)	132 195	137 784	144 813	144 813
Borrowings (R'm)	28 625	26 724	28 788	28 788
Debt/equity (%)	27.8%	24.1%	24.8%	24.8%
Impairments as % of portfolio at cost	29.7%	27.9%	26.1%	26.1%
Total Assets	138 420	144 282	151 199	151 199
<u>Income Statement</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>Total 3 Years</u>
Dividend Income	2 479	2 590	3 019	8 088
Interest and Fee Income	8 524	8 683	9 249	26 456
Borrowing Costs	(2 639)	(2 679)	(2 604)	(7 922)
Impairments and bad debt write offs	(393)	(296)	53	(44)
Profit Before Tax	4 826	5 843	6 772	(17 441)
Net Operating Income before capital restrictions	4 343	5 160	5 897	15 400

To achieve our strategy we have allocated c.R44bn Capital towards key economic sectors over 3 years

Strategic Business Unit	5 -year Sector Outlook	Capital Allocation (R'm)					
		2026/27	2027/28	2028/29	Total (3 years)	% of total (3 years)	
Agro - Processing & Agriculture		1 204	1 669	1 676	4 549	10%	Agro Processing R4.5 bn
Tourism & Services		463	735	818	2 016	5%	
Automotive & Transport		713	1 149	1 199	3 061	7%	Manufacturing R17.4 bn
Chemicals, Medical Products & Industrial Mineral Products		814	1 269	1 272	3 355	8%	
Machinery, Equipment & Electronics		4 977	2 172	2 197	9 346	22%	
Textiles & Wood Products		400	627	630	1 657	4%	
Energy		1 582	2 489	2 502	6 573	15%	
Infrastructure		1 180	1 962	2 079	5 221	12%	
Mining & Metals		1 403	2 222	2 260	5 885	14%	Mining & Metals R5.8 bn
Project Development		402	636	645	1 683	4%	
Total		13 137	14 930	15 279	43 346	100%	

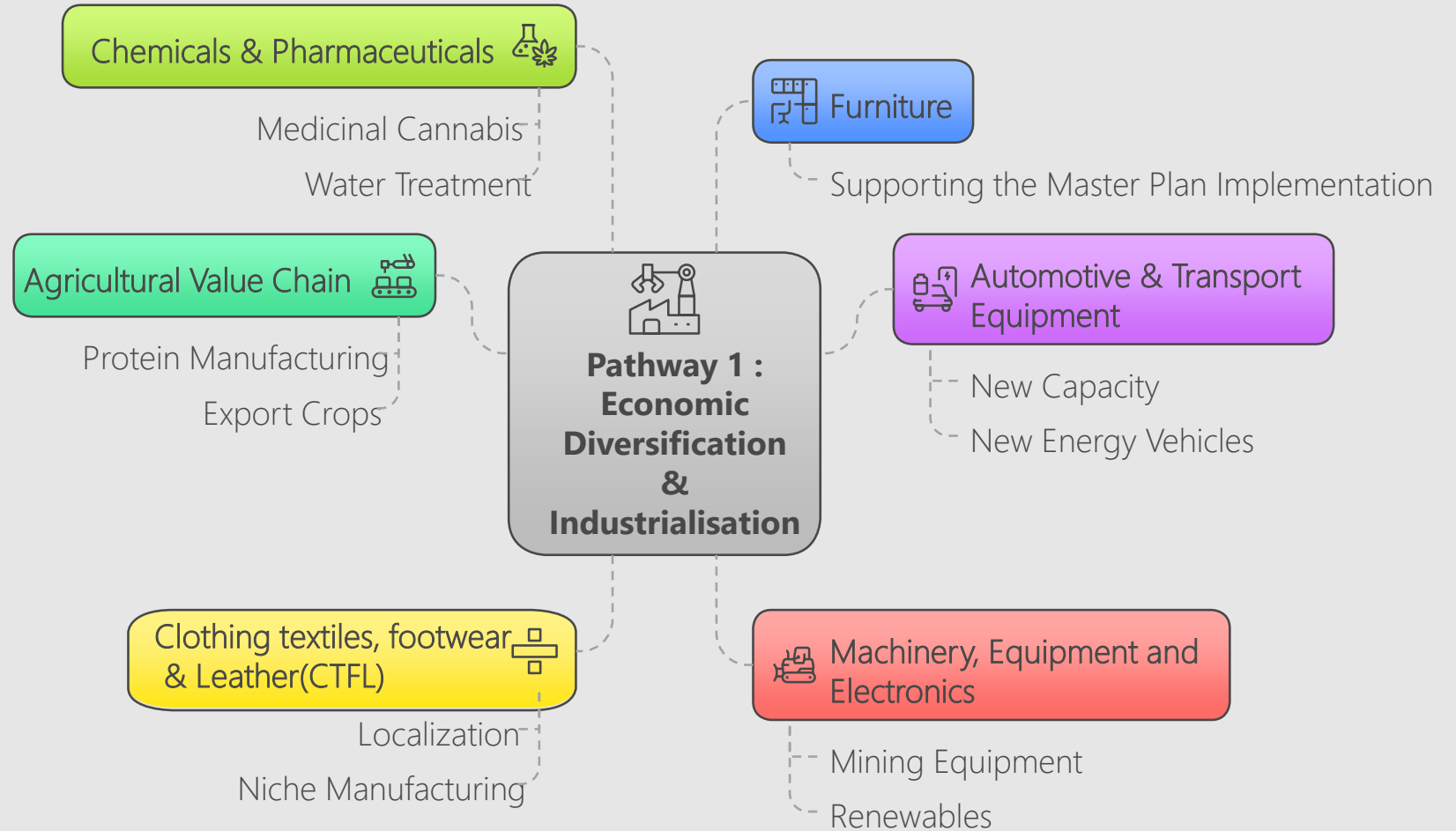
Pathway 1 : Economic Diversification & Industrialisation :

IDC's Role in Advancing Sectoral Deepening through Labour-Absorbing, High-Value Investments

1

Diversification & Jobs Rich Industrialisation

- Labour absorbing & enabling activities
- Medium & high technology production
- Relatively lower emissions
- Productivity Improvements, incl energy efficiency & circular economy



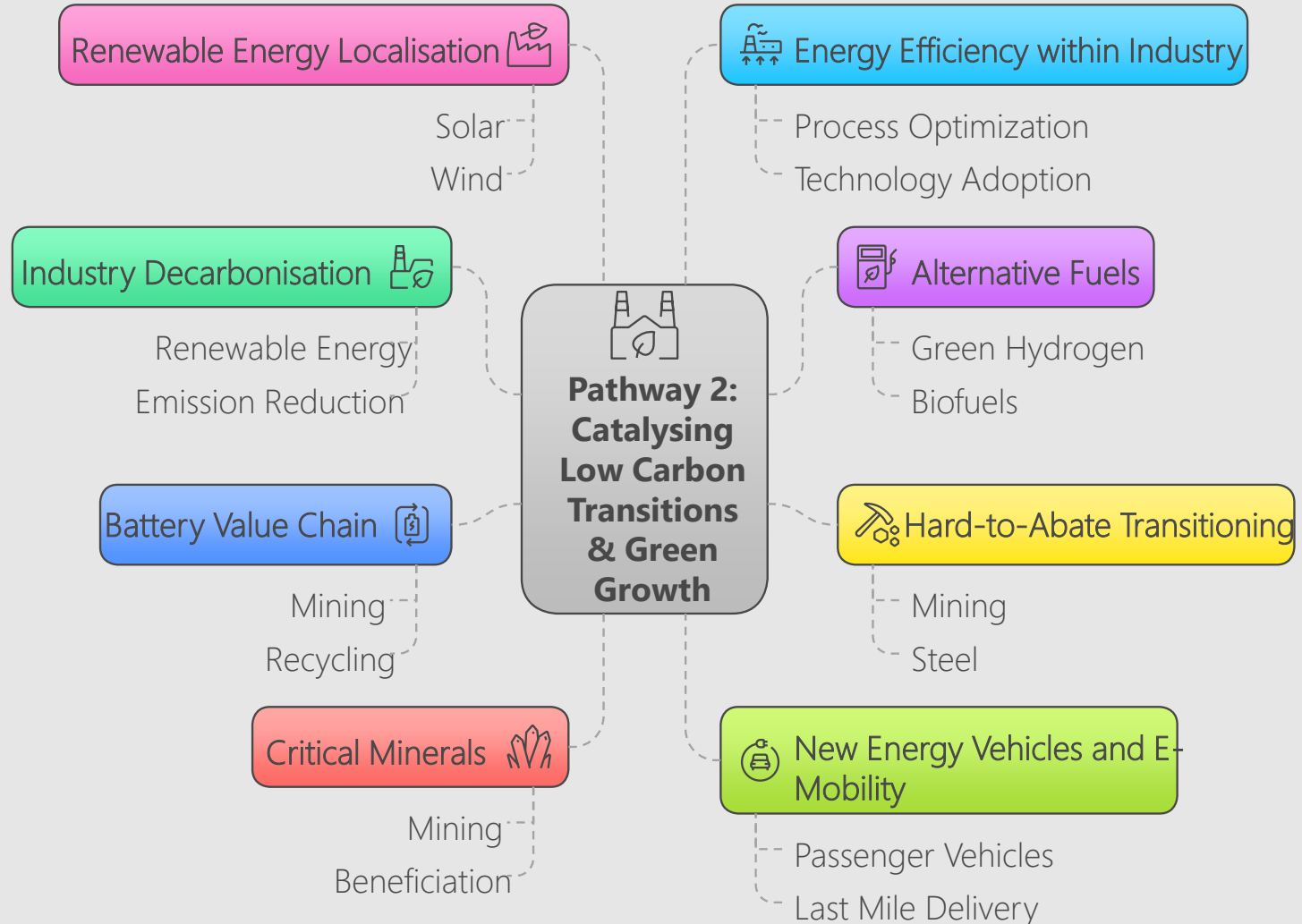
Pathway 2 : Catalysing Low Carbon Transitions & Green Growth

IDC's Support for Cleaner Technologies and Transition to High-Productivity Manufacturing Sub-Sectors

2

Catalysing Low Carbon Transitions and Green Growth

- Transitioning fossil fuels
- Alternative fuels provision
 - Transitioning existing industrial production (upstream & downstream)
 - New growing green industries
 - Enablers of decarbonisation (e.g. Critical minerals)
 - E-mobility
 - Input localisation.



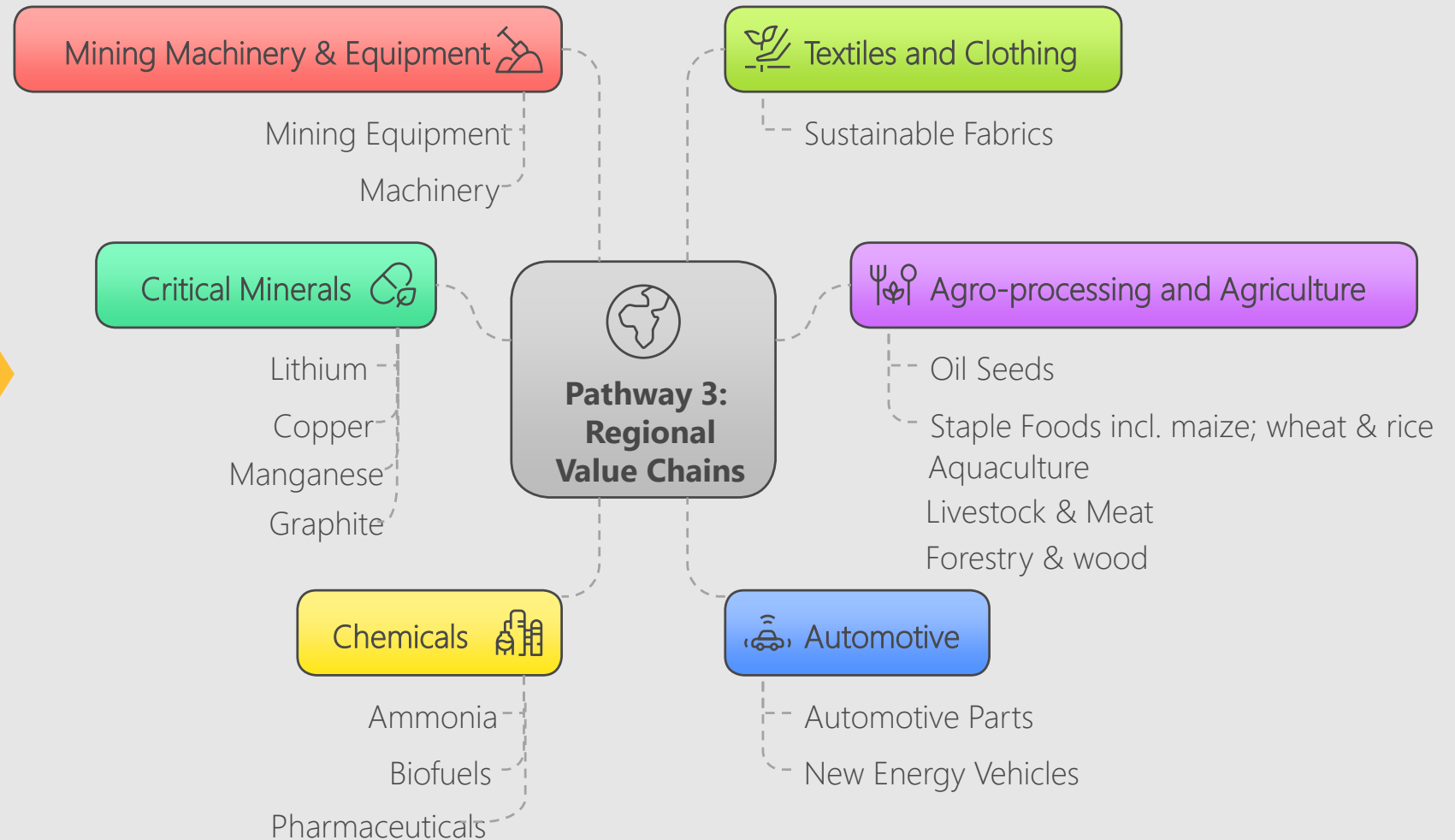
Pathway 3 : Growing Regional Value Chains

IDC's Role in Accelerating African Industrialisation and Deepening Regional Value Chains for Sustainable Development

3

Regional Value Chains

- Higher value-addition Intra-continental trade (regional production linkages)
- Value added participation by Africa in global value chains.



Pathway 4 : Building resilience to Economic & Physical Climate

Risks - IDC's Role in mitigating immediate threats and building resilience against production disruption

