

Presentation to Portfolio Committee on Trade, Industry and Competition



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA



**NATIONAL
EMPOWERMENT
FUND**

Growing Black Economic Participation

NEF Annual Performance Plan for 2026/27

29 April 2026



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Mandate and Strategic Positioning

Mandate

Exclusively mandated to facilitate B-BBEE

Constitution (1996) – section 9 (equality clause) states that the Government must take measures to advance people who were disadvantaged by unfair discrimination

BEE Act (2003) – SA economy excludes the vast majority from participating in the economy and owning advanced skills. The economy is performing below its potential because of low income and inability to be economically active

NEF Act (1998) – the Government of National Unity must distribute wealth, boost SMEs, apply affirmative action and implement genuine BEE

What we do

- The NEF advances B-BBEE through promoting business ventures owned and managed by black people.
- Creates employment opportunities.
- Advocates for BEE and Transformation issues.
- Facilitates market access and the deployment of financial and non-financial instruments to enable meaningful black participation in the economy.

Intentionality

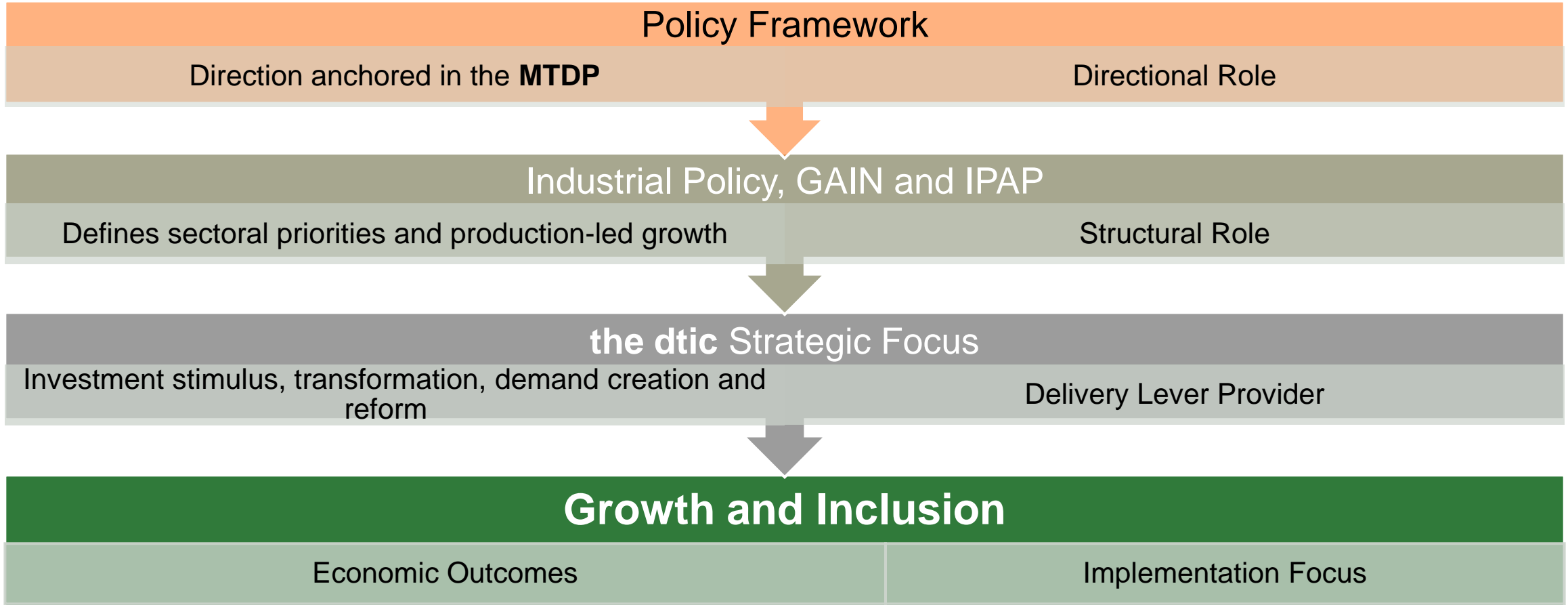
- Effective B-BBEE requires both policy intent and practical implementation.
- The NEF plays a critical role in bridging this gap by shaping markets.
- The NEF enables participation and deepening inclusive economic growth.

What it delivers

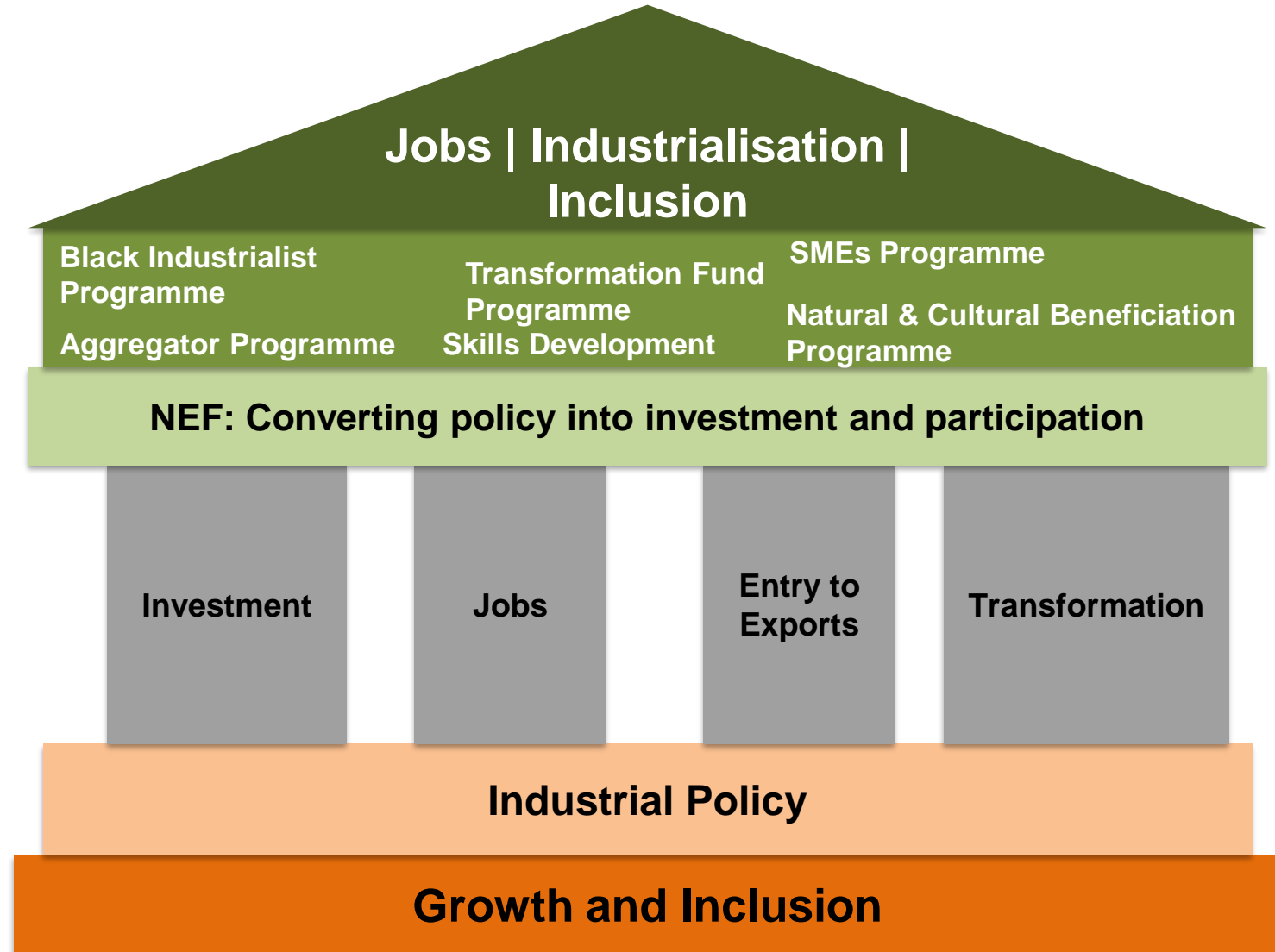
- The institution operates as an advocate, enabler and financier.
- Driving structural transformation by expanding ownership, participation and enterprise growth within the economy.
- Leverage private and public sector resources for promoting employment opportunities

From Policy Frameworks to a Unified Growth Path

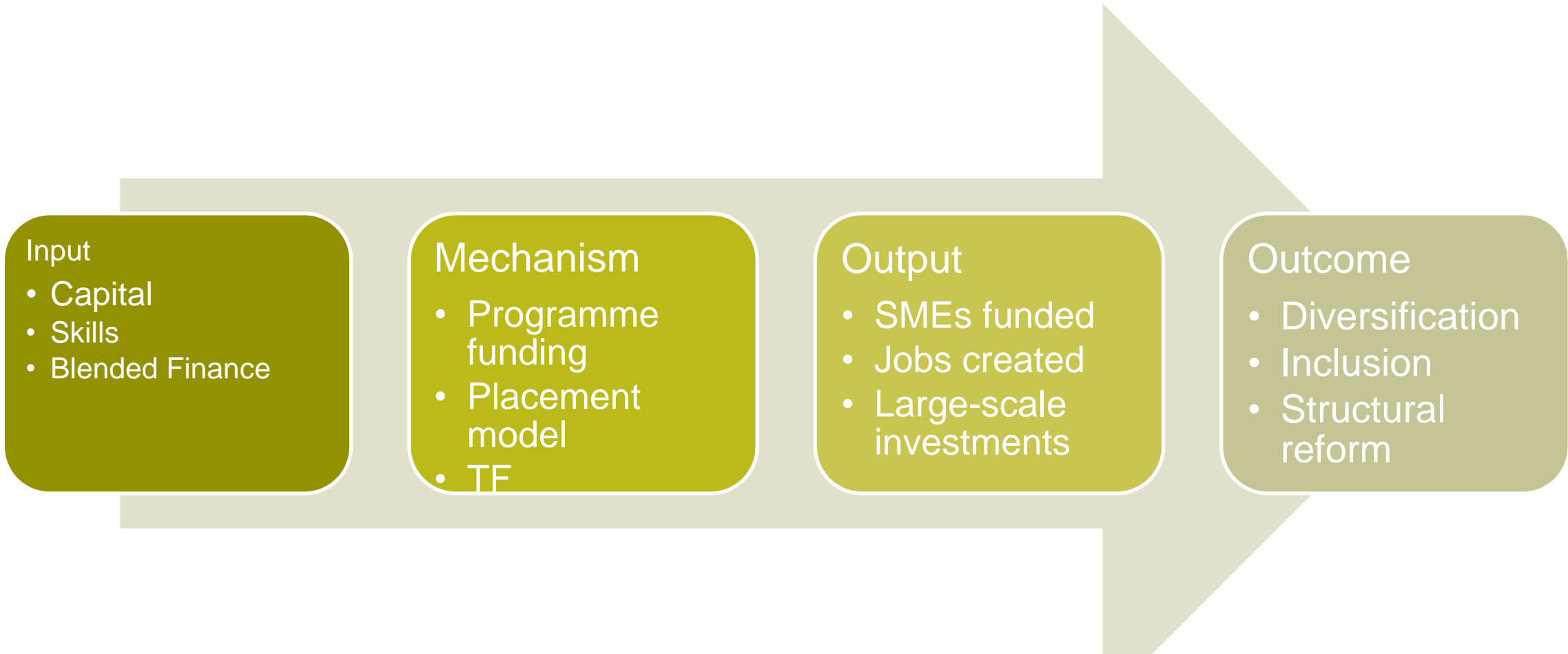
South Africa's growth agenda is articulated through national policy frameworks, shaped by industrial policy which defines priority growth areas, and advanced through the strategic levers of **the dtic**.



Translating Policy into Outcomes: NEF's Role in Growth and Inclusion



How NEF Converts Funding into Economic Outcomes

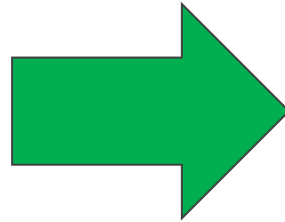


The APP reflects a shift from funding activity to delivering measurable economic outcomes – with explicit linkage between capital deployed, jobs created, and structural transformation

Sectors Anchoring Industrial Expansion

GAIN Priority Sector Clusters

Industrial and Manufacturing Sectors	<ul style="list-style-type: none"> • Manufacturing (broad based) • Agroprocessing • Mineral Beneficiation
Infrastructure and Network Industries	<ul style="list-style-type: none"> • Energy • Transport and Logistics • Water
Services and Digital services	<ul style="list-style-type: none"> • Business Process Outsourcing • Digital Services • Financial Services
Agriculture and Food Systems	<ul style="list-style-type: none"> • Primary Agriculture • Agroprocessing Value Chains
Tourism and Cultural Economy	<ul style="list-style-type: none"> • Tourism • Creative Industries
Green and Emerging Sectors	<ul style="list-style-type: none"> • Renewable Energy • Circular Economy • Green Manufacturing



NEF Programmes

Focus Sectors (and sub-sectors)

Black Industrialist	Priority manufacturing sub-sectors including: pulp and paper; furniture; chemicals; pharmaceuticals; plastics; clean technology; energy-related manufacturing; clothing; textiles; leather and footwear; as well as mineral beneficiation; industrial infrastructure; manufacturing-related logistics; and other productive sectors identified for localisation and export growth
Aggregator	Agriculture/ agro-processing; digital services; and BPO platforms
SME	Services (incl. business processing outsourcing; and wholesale and retail trade);
Natural and Cultural Beneficiation	Tourism; and Infrastructure

Invest in Black Industrialist programmes, and High Growth and Labour Absorbent Sectors. **Ca 90% of the investments made in the prior year fall within the prioritised sectors.** The balance of the portfolio drives entrepreneurship in small business which includes transportation, personal and social services, hospitality, community healthcare, construction, property development, repair services, and selected business support activities. This contributes to local economic development, job creation, and improved access to amenities.

Programme Delivery in Action

Growing Black Industrialists: Deepening Productive Capacity

Strategic Role

Enables black participation in high-value industrial sectors and strengthens domestic production capacity.

What it unlocks

Supports diversification and industrial deepening by building competitive, scaled enterprises in manufacturing and value-added sectors.

How it works

Provides expansion, acquisition and growth capital to black-owned industrial firms operating in priority sectors aligned with industrial policy.

What it delivers

Increased industrial output; Participation in strategic value chains; Job creation in production sectors; and Export potential.

FY27 Focus

Scaling investment into high-impact sectors and strengthening pipeline of bankable industrial projects.



Mandini Group is a black-owned industrial enterprise operating in the tyre recycling and materials recovery sector, strengthening local manufacturing capability and advancing circular industrialisation. Through NEF support, the business is expanding specialised processing across its subsidiaries, deepening participation in the mining and industrial value chains while improving efficiency and scale. This investment demonstrates how the Black Industrialist Programme enables competitive, job-creating enterprises in strategic sectors, contributing to industrial diversification, environmental sustainability, and long-term economic participation.

NAME	MANDINI GROUP
Value	R48.5 million
Nature of support	Expansion
BEE Dividend	Majority Black owned; 141 jobs

Aggregation: Scaling Participation and Market Access

Strategic Role

Enables small and medium enterprises to participate in formal markets through coordinated platforms.

What it unlocks

Drives induced demand by connecting producers to markets, improving price discovery and enabling scale.

How it works

Aggregates production, logistics, processing and market access across value chains (including digital services and BPO platforms).

What it delivers

Expanded market access; Increased revenues; Reduced post-production losses; and Job creation at scale.

FY27 Focus

Expanding aggregation into agriculture, logistics and digital services (including BPO) to drive labour absorption.



MIFPM is an integrated agri-logistics and trading platform that aggregates, grades, stores and distributes fresh produce, strengthening agricultural value chains and enabling scale. Through NEF support, the platform expands market access for black smallholder and commercial farmers, improves price transparency and reduces post-harvest losses, unlocking participation in formal retail and export markets. This investment demonstrates how the Aggregation Programme drives inclusive growth by linking producers to markets, enabling coordinated scale, and supporting large-scale job creation (1 800 jobs) within structured value chains. The estimated total project value is in excess of R1 billion.

NAME	MPUMALANGA INTERNATIONAL FRESH PRODUCE MARKET (MIFPM)
Value	R50 million
Nature of support	Financial, property development & market access
BEE Dividend	Majority Black owned; and 1 800 jobs, serve as a market for SMEs in agriculture value chains

Skills Development: Enabling Labour Absorption

Strategic Role

Bridges the gap between training and employment by linking skills development to enterprise demand.

What it unlocks

Improves labour absorption by aligning skills with funded enterprises and sector needs.

How it works

Supports placement-linked training, enterprise-based skills development and youth employment pathways through partnerships.

What it delivers

Youth employment; Improved productivity; Workforce readiness; and Support to funded enterprises.

FY27 Focus

Scaling placement-linked programmes aligned to funded projects and aggregation platforms.

The Skills Development Programme has created 932 jobs and mobilised R31.8 million through strategic partnerships with BANKSETA, W&R SETA and CATHSSETA. The NEF also placed 5 professionals and 10 trainees at the B-BBEE Commission. These partnerships have been instrumental in scaling programme reach and aligning skills delivery to sector demand. Delivery spans targeted initiatives across BPO, manufacturing, agro-processing, tourism and digital sectors, with a focus on youth, persons with disabilities and SMME-linked placements.



Example: The **Altitude Group** (BPO) initiative is an example of those that reflects a wider skills development effort that integrates training directly with employment opportunities across the digital services and customer support sectors. A total of 50 jobs have been supported.

Enabled through a public-private partnership and supported by contributions from SETAs, the programme equips unemployed & unskilled participants with market-relevant communication and customer service capabilities that respond to the growing demand in service-based industries.

This approach illustrates how the Skills Development Programme fosters labour absorption by aligning training with enterprise needs, driving immediate job creation, and strengthening participation in service-oriented value chains.

Transformation: Aggregating, Scaling and Crowding-In Capital

Strategic Role

Serves as a catalytic financing mechanism to unlock large-scale investment and reduce structural funding constraints.

What it unlocks

Addresses cost of capital and risk barriers, enabling participation in larger, more capital-intensive opportunities.

How it works

Mobilises blended finance, concessional capital and third-party funding to support high-impact transactions.

What it delivers

Increased investment scale; Crowding-in of private capital; Enhanced financial sustainability; and Expanded pipeline capacity.

FY27 Focus

Operationalising the fund and deploying capital into priority sectors aligned with industrial policy.

Drakensberg Food Processors is establishing a clarified apple juice processing facility in the Maluti-A-Phofung SEZ, mobilising blended capital through ESD funding and grants. The project will anchor rural industrialisation in the Free State by creating a reliable market for black smallholder farmers while enabling participation in formal value chains through secured offtake agreements.

With the total project funding of R136 million, this transaction illustrates how the Transformation Fund & public investment (NEF & **the dtic**) can crowd in private & foreign direct investment such as Heineken, unlock investment in SEZ-based industrial projects, drive inclusive growth, and job creation through coordinated, value-adding production. The project secured funding of approximately R51 million from Heineken.

NAME	DRAKENSBURG FOOD PROCESSORS
Value	R50 million
Nature of support	Establishment of a processing plant
BEE Dividend	Majority Black owned; 91 new jobs of which 41 are permanent; and based in FS

SMEs: Broadening Participation in the Economy

Strategic Role

Expands access to finance and support for SMEs to participate in productive sectors.

What it unlocks

Drives inclusive growth by enabling enterprise entry into formal value chain, sustainability and expansion.

How it works

Provides funding and support to SMEs across sectors, with emphasis on improving readiness, resilience and market access.

What it delivers

Increased enterprise participation; Local economic activity; Job creation at community level; and Pipeline for future industrialists.

FY27 Focus

Improving quality of pipeline and linking SMEs to markets and industrial value chains through aggregation



JAG Furn is a black-owned furniture manufacturing enterprise that has revitalised an Industrial Park (Isithebe) following its closure under different ownership (365 jobs shed), restoring operations from an initial workforce base (82) to a significantly expanded level of employment (191).

Through NEF support, the business is scaling production capacity, enhancing competitiveness and enabling increased supply to established retail clients including OK Furniture, Russels, Bradlows, Rochester and Furnmart, while crowding in private capital (R18m) to support the expansion.

This investment demonstrates how the SME Programme supports enterprise-led recovery and growth by rebuilding productive capacity, creating sustainable employment opportunities, and strengthening participation in local and SEZ-linked value chains in alignment with national industrialisation and transformation priorities. Expected to continue to increase jobs.

NAME	JAG FURN ENTITIES AND PROJECTS
Value	R5 million
Nature of support	Finance and expansion
BEE Dividend	Wholly black-owned & women shareholding; 110 new full-time jobs & 78 maintained jobs

Natural and Cultural Beneficiation: Unlocking Local Value

Strategic Role

Supports value addition in natural and cultural assets by enabling infrastructure installation and targeted sector interventions within tourism and the creative economy.

What it unlocks

Promotes diversification and localisation through tourism infrastructure, cultural industries and film production, enabling participation in high-value, experience-based sectors.

How it works

Regional economic activity; Job creation in rural and township areas; Local value addition; Tourism and creative industry growth.

What it delivers

Regional economic activity; Job creation in rural and township areas; Local value addition; and Tourism growth.

FY27 Focus

Prioritising infrastructure development in tourism and cultural sectors, alongside targeted support for film production aligned with dtic-backed funding pipelines.



Invomvo Country Lodge in rural Mount Ayliff is a youth-owned tourism enterprise that expands regional hospitality capacity, strengthening local tourism infrastructure and service standards. Through NEF support, the project enhances the ability to attract both domestic and international visitors while stimulating local economic activity through procurement and value chain participation. This investment demonstrates how the Natural and Cultural Beneficiation Programme unlocks tourism as a driver of inclusive growth by enabling ownership, supporting local enterprise ecosystems, and generating sustainable employment.

NAME	INVOMVO COUNTRY LODGE
Value	R12.08 million
Nature of support	Finance and expansion
BEE Dividend	Majority Black, 70% youth & 55% women

The NEF applies a blended funding model to support film production, combining senior loan funding with non-recourse grant support to enable the execution of commercially viable projects. Funding is structured to cash-flow productions by bridging milestone-based disbursements from key industry stakeholders, including the dtic, NFVF, provincial film commissions, and private platforms. This ensures timely project delivery while aligning funding to secured revenue flows. To manage risk, projects are required to demonstrate bankability and commercial viability, supported by completion guarantees and clearly defined production milestones. In addition, socio-economic impact criteria are embedded, including job creation, women participation and geographic spread.

From Policy to Measurable Outcomes

From Policy Intent to Measurable Delivery

Caution



Scale of impact



Execution History



Job creation



Private sector reliance



Measurable outcomes

NEF Positioning



Leveraging blended finance to extend beyond balance sheet



Shift to programme-based delivery + measurable KPIs



Direct linkage: funding → jobs → placements



State as catalyst, not passive funder



KPI framework aligned to jobs, investment, transformation

Amended Targets for 2026/27

Outcomes	Output Indicator	Audited/Actual Performance			Projected Performance	MTEF Period		
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Investment Stimulus	1. Total Disbursements across all programmes	R692m	R838m	R1.01b	R1.1b	R1.5b	R1.75b	R2b
	1.1.1. Value disbursed to Black industrialists	N/A	N/A	N/A	N/A	R600m	R700m	R800m
	1.1.2. Number of funded Black Industrialists	N/A	N/A	N/A	N/A	80	88	97
	1.2.1. Value disbursed to Aggregators	N/A	N/A	N/A	N/A	R450m	R525m	R600m
	1.2.2. Number of Aggregators funded	N/A	N/A	N/A	N/A	18	21	27
	1.3.1. Value disbursed to SMEs	N/A	N/A	N/A	N/A	R300m	R350m	R400m
	1.3.2. Number of funded SMEs (excl. # of entities funded through other programmes)	N/A	N/A	N/A	85	173	202	230
	1.4. Value disbursed to Tourism Establishment	N/A	N/A	N/A	N/A	R125m	R146m	R171m
	1.5.1. Value disbursed to Films (contingent on the dtic grant allocation for the films)	N/A	N/A	N/A	N/A	R25m	R29m	R29m
	1.5.2. Number of Films funded	N/A	N/A	N/A	0	5	6	7
	2.1. Number of jobs to be created	N/A	N/A	N/A	N/A	4 200	4 900	5 600
	2.2. Number of jobs saved	N/A	N/A	N/A	N/A	6 300	7 350	8 400
	2.3. Number of youth job placements	N/A	N/A	N/A	N/A	2 500	2 750	3 000
	2.4 Value of funds raised for skills development	N/A	N/A	N/A	N/A	R75m	R100m	R125m
Transformation	3.1. Percentage of disbursements to businesses owned by youth	N/A	N/A	17%	13%	13%	13%	13%
	3.2. Percentage of disbursements to businesses owned by persons with disability	N/A	N/A	0%	3%	2%	2%	2%
	3.3. Percentage of disbursements to businesses owned by women	N/A	N/A	37%	35.7%	40%	40%	40%
	3.4. Attain a BBBEE level of at least	N/A	N/A	N/A	3	2	1	1

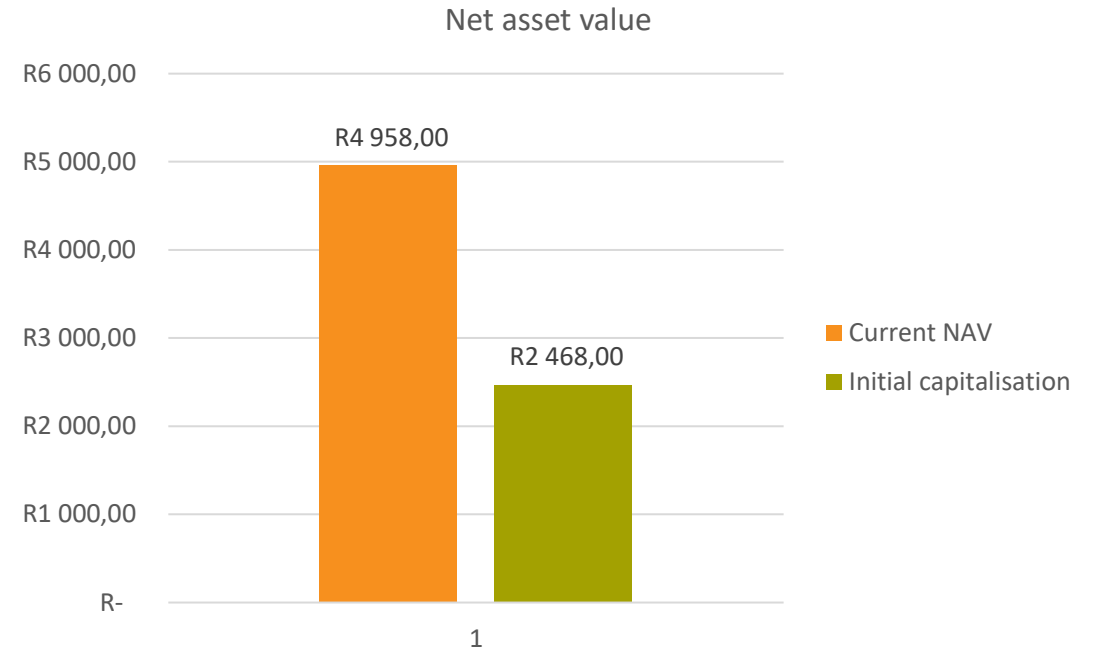
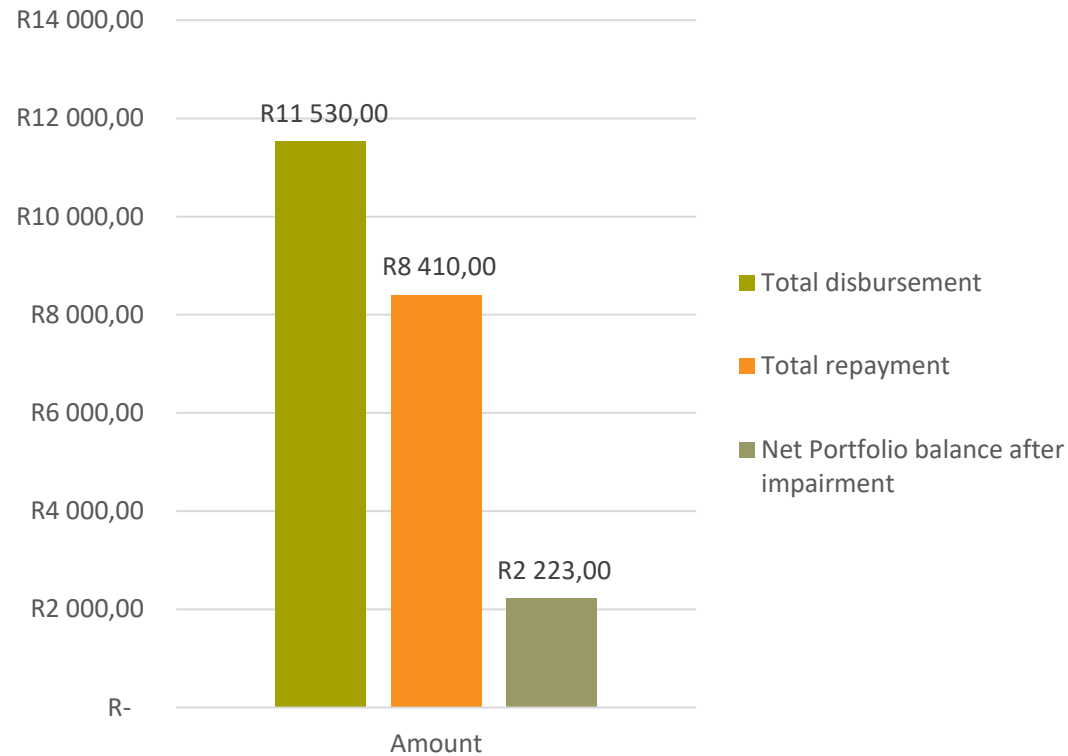
Amended Targets for 2026/27 Cont'd

Outcomes	Output Indicator	Audited/Actual Performance			YTD Performance	MTEF Period		
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Transformation (NEF only)	4. Value of third-party funds raised	N/A	N/A	N/A	N/A	R900m	R1b	R1.2b
	5. Full operationalisation of the TF	N/A	N/A	N/A	N/A	Q2	N/A	N/A
Induced Demand	6.1. Value of aggregated revenue	N/A	N/A	N/A	N/A	R6.1b	R7.8b	R8.9b
	6.2. Value of revenue from exporting clients	N/A	N/A	R125.5m	R156m	R160m	R180m	R200m
Structural Reform	7.1. Percentage of investments made to investees operating in SEZs incl. IDZs	N/A	N/A	N/A	N/A	5%	5%	5%
	7.2. Percentage of investments made to investees operating in IP	N/A	N/A	N/A	N/A	15%	15%	15%
Internal Process Efficiency	8. Percentage of portfolio impaired	25%	33%	30%	40%	40%	35%	30%
	9. Collection ratio	83.9%	80%	81%	82%	75%	75%	80%
	10.1. Maximum number of days taken to pay investees from Commitment	N/A	N/A	N/A	45	40	35	30
	10.2. Percentage of investees paid within specified days of Commitment	N/A	N/A	83%	80%	80%	80%	80%
	11. Percentage of suppliers paid within 30 days of an approved and valid invoices	N/A	N/A	97%	98%	100%	100%	100%
	12. Percentage of funding applications processed through standardised digital workflows	N/A	N/A	N/A	N/A	40%	75%	100%
Capable State (Governance)	13. Percentage of sub-board committee vacancies publicly advertised	N/A	N/A	N/A	N/A	100%	100%	100%

Financial Sustainability and Capital Strategy

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Balance sheet management



Total disbursement includes non-repayable grants. The data indicates that 77%% of the capital disbursed to date has been recovered, while the net portfolio makes up 19%. Nearly 100% of the capital has been recovered or recoverable.

With a Net Asset Value of R5 billion, the NEF has successfully grown the initial capital allocated by 108%. The R2,4 billion has unlocked R11,5 billion in disbursements and leveraged over R10 billion in private sector investments.



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