

Revised Annual Performance Plan **2024/2025**

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ACRONYMS AND ABBREVIATIONS

APP	:	Annual Performance Plan
Approved	:	Final committee approval obtained; legal agreements not signed
B-BBEE	:	Broad-Based Black Economic Empowerment
BFS	:	Bankable Feasibility Study
Commitments	:	Legal agreements signed. (Deals may have been approved in current and previous financial periods.) All Conditions Precedents may not have been met yet.
COSO	:	Committee of Sponsoring Organisations of the Treadway Commission
DFIs	:	Development Finance Institutions
Disbursements	:	Total or part cash advancements made against all approved deals (deals may have been approved in current and previous financial periods) subject to all Conditions Precedents having been satisfied by the investee.
the dtic	:	Department of Trade, Industry and Competition
EC	:	Eastern Cape
ERM	:	Enterprise-wide Risk Management
FC	:	Financial Closure
FS	:	Free State
GDP	:	Gross Domestic Product
IDC	:	Industrial Development Corporation
IPAP	:	Industrial Policy Action Plan
IRMSA	:	Institute of Risk Management Standards of South Africa
IRR	:	Internal Rate of Return

IT	:	Information Technology
IST	:	Information Systems Technology Department
JSE	:	Johannesburg Stock Exchange
KZN	:	KwaZulu-Natal
KPI	:	Key Performance Indicator
MBAP	:	Mining Beneficiation Action Plan
MOU	:	Memorandum of Understanding
MTDF	:	Medium-Term Development Plan
MTSF	:	Medium Term Strategic Framework
MP	:	Mpumalanga
NEF	:	National Empowerment Fund
NC	:	Northern Cape
QLFS	:	Quarterly Labour Force
PFMA	:	Public Finance Management Act
PRASA	:	Passenger Rail of South Africa
PFS	:	Pre-feasibility study
PIU	:	Pre-Investment Business Support Unit
POIU	:	Post Investment Business Support Unit
RMC	:	Risk and Portfolio Management Committee
ROI	:	Return on Investment
RTCDF	:	Rural, Township and Community Development Fund
SARS	:	South African Revenue Service

SEDU	:	Socio Economic Development and Asset Management Unit
SME	:	Small and Medium Enterprise
SOCE	:	State Owned Commercial Enterprise
SPF	:	Strategic Projects Fund
TC	:	Technical Completion
WC	:	Western Cape

1. EXECUTIVE AUTHORITY STATEMENT

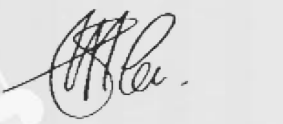
The 7th Administration will be the last to implement the full five-year Strategic Plan (2024 – 2029) before the end of the National Development Plan (NDP). The Medium-Term Development Plan (MTDP) identified three strategic priorities of inclusive growth and job creation, reducing poverty and tackling the high cost of living as well as capable, ethical and developmental state. Over the next five years, the National Empowerment Fund (NEF) will champion the inclusive growth agenda of the Government of National Unity (GNU) while contributing towards the priorities of **the dtic**, Economic Cluster and the South African government.

The focus for the next five years includes transformation, investment, SMMEs development, and job creation amongst others. The NEF will need to scale up its investment activities to ensure the entrenchment and sustainable participation of Black entrepreneurs in all sectors of the economy. Once the revised MTSF has been signed off, we will review the Strategic Plan and Annual Performance Plan of the entity and align it accordingly. If there are any misalignments, adjustments may be requested, and a revised Strategic Plan will be submitted to Parliament.

In the year ahead, the NEF will continue focusing its investments outside five main metros to champion structural reforms and stimulate economic activities in townships and rural areas. This is vital as the majority of black people are languishing in poverty in township and rural areas due to low economic opportunities.

I would like to commend the leadership of the NEF on self-sustaining the organisation for over a decade.

I hereby endorse the NEF Strategic Plan and also commit to the implementation thereof.



Parks Tau

Minister of Trade, Industry and Competition

Date: 31 / 10 / 2024

2.ACCOUNTING OFFICER STATEMENT



This strategic plan (SP) has been developed by the National Empowerment Fund and represents the first to be developed under the current administration. It sheds light on the targets the NEF aspires to achieve in upcoming medium term as well as the description of outputs, indicators, and methods of measurement. The Strategic Plan is guided by our mandate as detailed on the National Empowerment Fund Act as well as alignment with nation priorities provided in the Medium-Term Development Plan (MTDP). It will also take into aligns with **the dtic's** three objectives of Industrialisation, Transformation and Building a Capable State, and thus the detailed outputs which contribute to these.

Our core focus remains transformation of the domestic economy by ensuring that Black entrepreneurs are at the centre of the economic recovery efforts through industrialisation. The NEF has in the past been constrained by its inherent inability to raise funding in the borrowing market coupled with lack of capital, fresh commitments have been made by **the dtic** to capacitate the delivery of the mandate. The NEF continues to pursue both private and public partners with shared goal of inclusive growth. Our drive is rooted in the belief that Black economic empowerment goes beyond a moral effort to right historical wrongs. It is a practical growth plan that seeks to maximize the nation's economic potential while assisting in integrating the majority-black population into the mainstream economy.

While the economic disparities were along racial lines, effects remain more prominent in townships and rural areas – this reflects largely the strategic economic exclusion which forces black people to reside in areas with low economic activities, further away from cities and industries. Majority of people in these areas are characterized by a lack of financial literacy and poor business management skills as well as financial constraints. These challenges have demoted Black people to the categories of unemployed, unemployable, discouraged job seekers and other economically inactive people. In the years ahead, the NEF intends

channelling its resources to foster active citizenships and active economic involvement amongst Black people particularly in townships and rural areas.

At the beginning of the prior medium terms period, the NEF committed to disburse at least 25% of its funding in targeted provinces. In order to stimulate economic activities where the activity is currently lacking, the NEF will continue to apply the district development model (DDM) to address legacy spatial planning. Another commitment being renewed is that of supporting women-owned business. This inclusivity is increased factoring in the commitments to businesses owned by the youth as well as people living with disabilities (collectively 50% of investments). The funding will be complemented by our non-financial resources offerings which involves entrepreneurial training, business incubation, investor education and social facilitation programs.

This SP reflects the unwavering resolve of the NEF in championing the economic participation of Black people in the mainstream economy. In doing so, the first draft considered internal operating environment which involves the current resources, both financial and human resources as well as the external operating environment which covers the socio-economic and legislative environment. The successful delivery of the strategic outcomes entailed on this SP will depend largely on the employees and leadership of the NEF as well as the support of the Honourable Minister Tau. The NEF is committed to the successful implementation of this SP.

Name: Mziwabantu Dayimani

Signature: 

Rank: Acting Chief Executive Officer

3. OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of the National Empowerment Fund under the guidance of the Minister of Trade, Industry and Competition
- Consider all the relevant policies, legislation, and other mandates for which the National Empowerment Fund is responsible.
- Accurately reflects the Impact, Outcomes, and Outputs which the National Empowerment Fund will endeavour to achieve in the 2024/25 financial year.

Andile Stemela: Signature: _____

Divisional Executive: Strategy, Planning and Significant Investments

Phumudzo Siphuma: Signature: _____

Chief Financial Officer

Mziwabantu Dayimani: Signature: _____

Acting Chief Executive Officer

Nthabiseng Moleko: Signature: _____

Board Chairperson

Parks Tau: Signature: _____

Minister of Trade, Industry and Competition



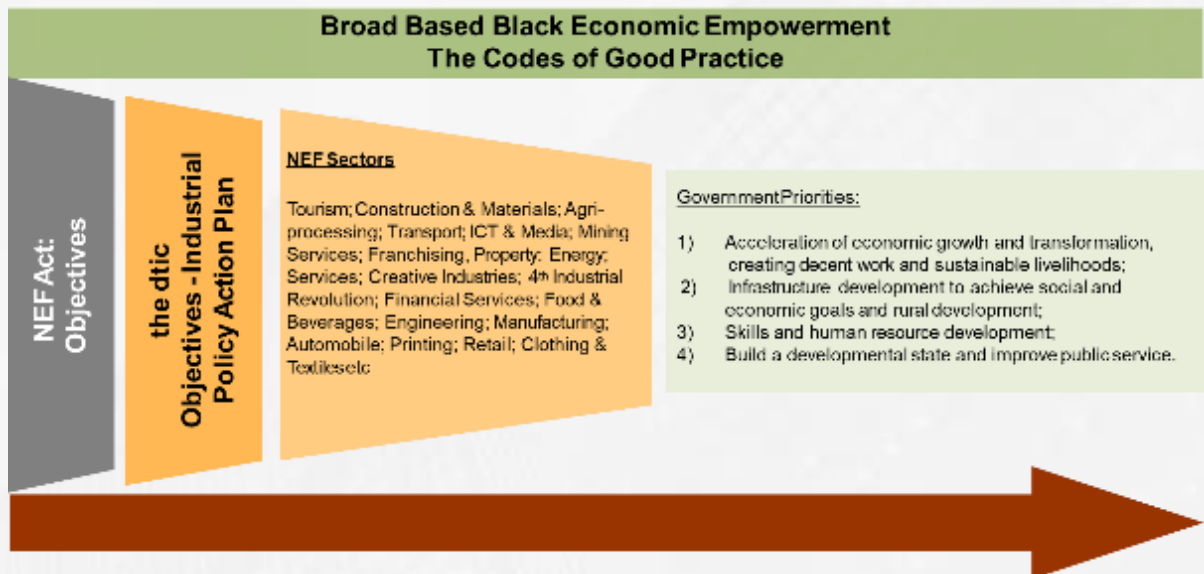
NEF, the home of hope for the black entrepreneur



Part A:

APP Overview

4.LEGISLATIVE AND POLICY MANDATE



4.1. Constitutional Mandate

The existence of the NEF as a creature of statute is validated and certified by Section 9 of the Constitution of the Republic of South Africa, 1996, which asserts that "equality includes the full and equal enjoyment of all rights and freedoms. To promote the achievement of equality, legislative and other measures designed to protect or advance persons, or categories of persons, disadvantaged by unfair discrimination may be taken".

Deriving from this constitutional injunction, the NEF Act 105 of 1998 empowers the development financier "to establish structures and mechanisms to redress the inequalities brought about by apartheid and colonisation before it by facilitating the broader economic ownership by historically disadvantaged persons".

4.2. Legislative Mandate

The National Empowerment Fund (NEF) reports to Parliament through the Minister of Trade, Industry and Competition (**the dtic**). The work of the NEF is governed by a broad legislative framework, as outlined below:

Number	Act	Purpose of Act
1.	National Empowerment Fund Act, No. 105 of 1998	To establish a trust and its objects for the promotion and facilitation of economic ownership of income-generating assets by historically disadvantaged persons; to establish mechanisms to redress historic inequalities and structures to attain the objects of the trust; to provide for the control, management and the dissolution of the trust; and to provide for matters incidental thereto.
2.	Broad-Based Black Economic Empowerment Act, No. 53 of 2003	To establish a legislative framework for the promotion of black economic empowerment; to empower the Minister to issue codes of good practice and to publish transformation charters; to establish the Black Economic Empowerment Advisory Council; and to provide for matters connected therewith.
3.	The Public Finance Management Act (PFMA) Act, No.1 of 1999	To regulate financial management in the national government and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith.
4.	Companies Act No. 71 of 2008	To create flexibility and simplicity in the formation and maintenance of companies; encouraging transparency and high standards of corporate governance as appropriate, given the significant role of enterprises within the social and economic life of the nation.
5.	Financial Intelligence Centre Act 38 of 2001	To establish a Financial Intelligence Centre and a Money Laundering Advisory Council in order to combat money laundering activities and the financing of terrorist and related activities; to impose certain duties on institutions and other persons who might be used for money laundering purposes and the financing of terrorist and related activities. As a money remitter, the National Empowerment Fund is an Accountable Institution in

		terms of FICA and the Act contains stringent requirements with which we are obliged to comply.
6.	Employment Equity Act 55 of 1998	The purpose of the Act is to achieve equity in the workplace, by Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination.
7.	Protection of Personal Information Act of 2013	The purpose of the Act is to promote the right to privacy in the Constitution, while at the same time protecting the flow of information and advancing the right of access to and protection of information. As a DFI and an employer we are expected to balance the need to use personal data for business requirements with the rights of the individuals to privacy in the form of their personal details. The Information Regulator started with enforcement of the POPI Act on 1 July 2021.

5. OUR STRATEGIC OVERVIEW

5.1. VISION

Our vision is to be the leading provider of innovative transformation solutions for an economically inclusive South Africa. We seek to be the lead financier of B-BBEE investments in the DFI space.

5.2. MISSION

The National Empowerment Fund is a catalyst of Broad-Based Black Economic Empowerment in South Africa.

We enable, develop, promote and implement innovative investment and transformation solutions to advance sustainable black economic participation in the economy.

5.3. VALUES

The values of the NEF are the glue that hold the ethical tapestry of the organisation together. Together these values form the acronym **EMPOWER**, as outlined below:



These values are the emblem of the NEF's service to the nation. They stand as a living testament of the NEF's commitment to integrity. Launched in September 2014, the values are accompanied by a pledge that all at the NEF, from Trustees, Executives, managers and all staff, make, as outlined below:

“ As a member of the NEF family, I hereby solemnly pledge to remain faithful to the values and ethos of the NEF, because as an instrument in the quest for inclusive growth, I recognise that the economic dreams and aspirations of black people depend on my willingness to serve with truth in my heart. In taking the hopes of black economic freedom to greater heights, and growth itself to the skies, I hereby undertake that as a patriot I will perform my call to duty with integrity and honour, with empathy and dedication to excellence, inspired by the vision of a growing and inclusive economy. This is my oath, my vocation, my contract with the nation.

”

5.4. NEF Governance and Organisational Structures

<p>Risk Portfolio Management Committee (RPMC)</p> <p>The Committee provides risk governance and independent oversight for the NEF. It assists the Board in fulfilling its risk responsibilities by ensuring the NEF has effective strategies and plans for risk and portfolio management, enhancing its ability to achieve strategic objectives.</p>	<p>Audit Committee (AC)</p> <p>The committee helps the Board fulfill its duties by overseeing the financial reporting process, the audit process, the internal control system, and compliance with laws and regulations.</p>	<p>Social and Ethics Committee (SEC)</p> <p>The Committee is a statutory committee established under section 72 and regulation 43 of the Companies Act. It assists the Board in overseeing organizational ethics, responsible corporate citizenship, sustainable development, and stakeholder relationships.</p>
<p>Human Capital and Remuneration Committee (HCRC)</p> <p>The Committee supports the Board by aligning the NEF's business and people strategies. The committee focuses on key people-related matters, both current and future, to ensure alignment.</p>	<p>Board Investment Committee (BIC)</p> <p>The Committee is responsible for granting credit, with delegated authority to approve transactions up to R50 million per applicant. It also reviews and recommends transactions exceeding this threshold to the Board for approval.</p>	<p>Nomination Committee (NOMCO)</p> <p>NOMCO supports the Board by overseeing and making recommendations for board committee vacancies for the Board's consideration and approval. NOMCO is responsible for handling the CEO appointment and filling positions within the Board committees.</p>

In accordance with international best practice, and as outlined in the NEF Act, the NEF is governed by to the Board of Trustees that is appointed by **the dtic**. The Board is aided in the discharge of its duties through a range of committees, exercising oversight; setting policy and direction on areas inclusive of audit, risk management, human capital and remuneration, investment, as well as social and ethics matters.

The Board and its subcommittees hold regular meetings to ensure that these important structures meet their objectives as outlined in the various charters. These guardians of public and institutional trust are the bastion that has ensured that the NEF has continued for successive years to achieve clean external audit opinions.

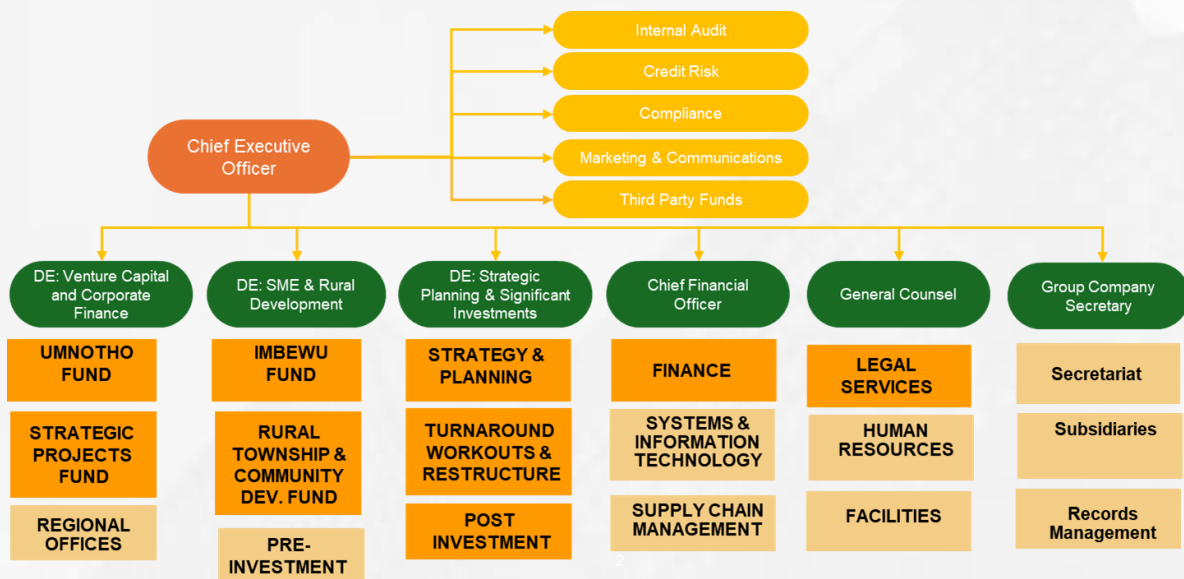
In providing oversight and leadership the Board and its subcommittees have maintained unstinting independence and foresight in setting strategies and policies for the organisation, and in supporting the efforts to recapitalise the development financier.

Together with the Audit Committee the Board is central in safeguarding the assets of the institution as well as developing and monitoring adequate and effective systems and control processes. The preparation of financial statements in compliance with all applicable legal and regulatory requirements and accounting standards, is yet another key function of the Board.

In conjunction with the Risk & Portfolio Monitoring Committee (RPMC), the Board also manages the risk universe of the NEF closely, ensuring that proper business risk assessment is carried out and that a risk profile of the organisation is upheld. The Board Investment Committee (BIC) assists the Board, in pursuit of the mandate of the NEF, to assess and where appropriate, to approve such transactions as delegated in terms of the DOA.

Together with the Social & Ethics Committee (SEC) the Board monitors the social and economic development of beneficiary committees, the promotion of equality, the prevention of unfair discrimination and corruption, oversight of the environment, health and public safety, including the impact of the NEF's activities and of its products or services as well as the NEF's employment relationships, its contribution towards the educational development of its employees, gender parity and employee wellness.

Through the Human Capital & Remuneration Committee (HCRC) the Board reviews and sets human capital policies, procedures, structures and all matters relating to the relationship between the NEF and its staff. It also oversees compliance with the human capital policies, procedures and structures regulating the relationship between the NEF and its staff.



The CEO is aided by executives, who in turn lead managers whose portfolios mirror the conventional corporate milieu.

At the heart of the mandate of the NEF is the consciousness to conduct our work with integrity, diligence and foresight, and in this regard, the NEF believes the organisational structure is robust and effective, which is guided by the Delegation of Authority of the various committees.

In the view of management, the governance of the NEF easily compares with the best anywhere and given recent private and public sector lapses in corporate governance, NEF is particularly proud of this distinction.

In order to achieve the set objectives, the NEF is structured to deliver on its mandate by performing the following core activities:

- Fund Management, which comprises:
 - The Venture Capital & Corporate Finance Division, which comprises the uMnotho Fund, the Strategic Projects Fund (SPF), the Women Empowerment Fund (which is incubated in each of the other Funds) and Regional Offices.
 - The SME & Rural Development Division, which consists of the Pre-Investment Unit; iMbewu Fund; Rural, Township & Community Development Fund.
 - General Counsel, which consists of Legal support, Turnaround, Workout and Restructuring services.

- Strategy Planning and Significant Investments, which includes Post-Investment support services, as well as Socio-Economic Development and Asset Management Units.

These core areas are strategically supported by the following units:

- Human resource;
- Finance;
- Information Systems and Technology;
- Supply Chain Management;
- Strategy and Planning;
- Marketing and Communications
- Internal Audit
- Risk; and
- Facilities.

5.5. Overview of the NEF's Performance - Life to date performance milestones

Since inception, the NEF has developed robust systems and processes to deploy funds across the geography and the sectors of the South African economy. With each milestone achieved, the bar has risen and continues to rise to deliver hope to black entrepreneurs.

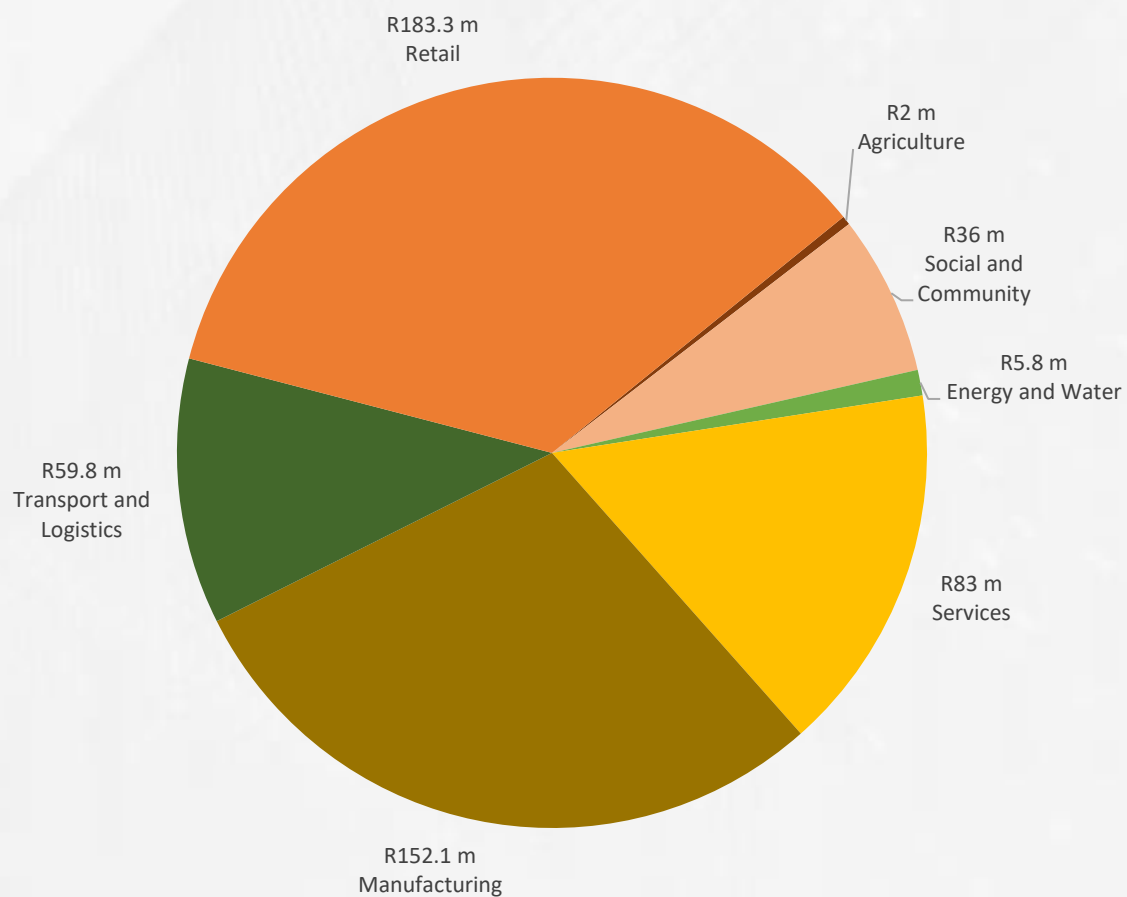


Strategies implemented have been refined and adopted over the years and have yielded the following outcomes:

	Output	Achievements as at 31 March 2024
1	Approvals	<ul style="list-style-type: none"> Approved 1 621 transactions worth more than R14.52 billion across the country.
2	Disbursement	<ul style="list-style-type: none"> Over R10.02 billion has been disbursed to these companies since inception.
3	Collections	<ul style="list-style-type: none"> Over R5.5 billion has been repaid by investees
4	Integrity	<ul style="list-style-type: none"> Secured clean external audit opinions for 20 years running.
5	Supporting jobs	<ul style="list-style-type: none"> Since inception, the number of job opportunities supported is 125 571 jobs, of which 76 186 were new.
6	Industrialisation	<ul style="list-style-type: none"> 24 strategic and industrial projects worth R12.6 billion, with the potential to support over 52 000 jobs. 87% of the transactions are at an advanced development stage. Since inception 3 600 job opportunities have been created.
7	A culture of savings & investment	<ul style="list-style-type: none"> In a transaction worth over R1 billion the NEF Asonge Share Scheme made available more than 12 million MTN shares to over 87 000 investors comprising black individuals and groups. 49% of investors were women.
8	Investor education	<ul style="list-style-type: none"> Reached approximately 9 941 965 people in villages and townships through 778 community seminars on how to save and invest, personal financial discipline, shares, dividends, bonds, the property and money markets
9	Entrepreneurship training / incubation	<ul style="list-style-type: none"> Business skills training provided to over 7 689 potential entrepreneurs who attended 1 110 seminars from 2012 to date.

The table above depicts how over the past years, the NEF has successfully approved 1 621 transactions valued at R14.52 billion, disbursing R10.02 billion to SME's and consistently achieving a clean external audit for 20 consecutive years, demonstrating the NEF's commitment to financial excellence.

As we conclude the third quarter, the graph below shows the distribution across the various sectors for the current financial year (quarter fourth 2023/24). The retail industry accounted for 35%, followed by the manufacturing industry with 29%, followed by 15% in the service. Property sector in the portfolio year to date is 10%, while transport and logistics accounted for 11%.



6. KEY STRATEGIC OBJECTIVES

6.1. Strategic goals and objectives



NEF's strategic objectives are derived from the NEF Act No. 105 of 1998 and the B-BBEE Act No. 53 of 2003 as amended, together with the Codes of Good Practice on B-BBEE. The NEF specifically seeks to support the initiatives of **the dtic**, including the Industrial Policy Action Plan (IPAP) and more broadly the NDP, by championing and funding the advancement of emerging entrepreneurs into black industrialists.

The mandate of the NEF, based on the NEF Act No. 105 of 1998 has been given greater alignment with the set of priorities of government that the Presidency introduced in the 2021 SONA. These include:

- The medium-term development plan 2024-2029
- The National Development Plan
- Industrial Policy Action Plan
- The Economic Reconstruction and Recovery Plan tabled in parliament in October 2020 by the President
- New district development model as an integration of development efforts at local level
- Master Plans for sectors that offer important opportunities for inclusive economic development in South Africa

This APP for 2024/25 is designed in line with the *Revised Framework for Strategic Plans and Annual Performance Plans* issued by the Department of Planning Monitoring and Evaluation (DPME), which is the custodian of planning and reporting frameworks following National Treasury Instruction 10 of 2020/21. The document also aims to highlight programmes in place to achieve the NEF's strategic objectives.

The strategic objective targets and programme performance indicator targets will be identified using medium term targets, quarterly cumulative and annual target of 2024/25.

Each KPI will have technical indicator descriptions (TIDs) that describe the problem by giving indicator definition, indicator title, outcome, and output.

In addition to other programmes highlighted herein, the NEF has established an alternative energy fund to support businesses which have been affected by the current energy shortages in the country. Since inception, the NEF has funded its investees to acquire diesel generators as a backup or mitigant to the risk of downtime due to loadshedding or other electricity cuts. The use of generators has recently become unaffordable by SMEs due to the frequency of loadshedding which have led to increased maintenance costs and costs of diesel utilised by these generators. This has necessitated the change of focus to the use of green energy sources such as solar energy systems. The NEF has also changed its focus from funding, mostly, generators to funding installation of solar energy systems. An amount of R150 million has been set aside for funding installation of solar energy systems by NEF current investee

6.2. The NEF five key strategic objectives/outcomes for the next 5 years:

1. Transformation
2. Investment Stimulus
3. Structural Reforms
4. Catalytic Sectors
5. Induced Demand
6. Development of Capable State

<p>1. Transformation</p> <ul style="list-style-type: none"> • SME Growth • Black Industrialists • Women, youth and people living with disability • Skills Development • The KPIs is: <ul style="list-style-type: none"> ○ Number of SMEs supported ○ Disbursements to business owned by women, youth and people living with disability ○ Value disbursed to BI ○ Number of people trained. 	<p>2. Investment Stimulus</p> <ul style="list-style-type: none"> • Approvals • Disbursements • Partnerships • The KPI is: <ul style="list-style-type: none"> ○ Value of approvals ○ Value of disbursements ○ Value of funds raised
<p>3. Structural Reforms</p> <ul style="list-style-type: none"> • Disbursements to targeted provinces • Disbursements outside 5 main metros • The KPIs is: <ul style="list-style-type: none"> ○ Percentage disbursed to targeted provinces ○ Value disbursed outside 5 main metros 	<p>4. Catalytic Sectors</p> <ul style="list-style-type: none"> • Value disbursed to catalytic sectors • The KPI is: <ul style="list-style-type: none"> ○ Percentage disbursed to targeted provinces

<p>5. Induced Demand</p> <ul style="list-style-type: none"> • Tracking the exports done by beneficiaries of the NEF • The KPI is: <ul style="list-style-type: none"> ○ Total value disbursed by NEF investees 	<p>6. Development of Capable State</p> <ul style="list-style-type: none"> • Tracking the financial performance of the organisation • The KPI is: <ul style="list-style-type: none"> ○ Maintaining Financial Sustainability

6.2.1. Transformation

The NEF provides non-financial support through four of its business units, specifically:

- The Pre-Investment Unit, which provides the first line of non-financial assistance to prospective investees. The unit provides support to applicants seeking funding, in addition to entrepreneurial development training. The three key elements are:
 - Business planner tool, which is an online tool that assists users to compile business plans;
 - Business Incubation, which is aimed at providing support to clients who have an idea that is at an early stage; is not ready for funding and therefore needs nurturing.
 - Entrepreneurial training, which is targeted at entrepreneurs who require capacity building and enhancement in running their fledgling businesses.
- The Post-Investment Unit, which manages the investment portfolio management through monitoring of investee operational performance, credit control and collections and assists investees with mentorship and training.
- The Turnarounds, Workouts and Restructuring Unit, has been a key addition complementing the services of the Post-Investment Unit. Its purpose is to provide support to investee businesses that are experiencing operational and financial challenges. This team works together with the entrepreneurs in assessing and restructuring the financial and/or operational aspects of the businesses.
- The Socio-Economic Development and Asset Management Unit, which facilitates social interventions in transactions with broad-based groups or communities; fosters a culture of savings and investment among its beneficiaries through such programmes as the national investor education programme. It also identifies opportunities for beneficiaries in transactions and assists in developing market linkages.



A. Empowerment Dividend

The NEF measures and assesses its impact not only on the basis of financial return, but in accordance with what is referred to as the Empowerment Dividend which is the socio-economic impact of the NEF's investment activities, as provided for in the Broad-Based Black Economic Empowerment Act.

The elements of the Empowerment Dividend are measured as follows:

- *Contribution to Broad-Based Black Economic Empowerment* – The NEF assesses each transaction against the results of the B-BBEE scorecard, before and after funding, to ensure that each transaction contributes to the advancement of B-BBEE.
- *Participation by black women* – The NEF emphasises the empowerment of women by providing for an additional weighting for black women participation.
- *Job Creation* – Contribution towards employment creation and the number of jobs created per rand invested or jobs sustained through investment in expansion type activities.
- *Investment in Priority Growth Sectors* – The number of investments facilitating black ownership and control of existing and new enterprises in the priority sectors of the economy as identified by the IPAP and the National Development Plan.
- *Geographic Spread* – Geographic spread of investments and contribution towards increased economic activity across all provinces, particularly in areas of regional economic disadvantage.
- *Investment Return* – The real return that each Fund realises on capital employed, after the impairment ratios experienced for that fund, as a combined measure of debt, equity and quasi-equity invested.

B. The NEF's Target market

The NEF provides funding to black entrepreneurs for start-up and expansion companies as well as for acquiring equity in existing white-owned businesses in line with the transformation objectives of B-BBEE. The target market is further segmented into the following tiers:

- Black individuals and groups with significant operational experience and an extensive investment portfolio and accumulated capital (Tier 1).
- Black individuals and groups with operational experience, which could include having concluded a limited number of BEE transactions. This sector typically has limited accumulated capital with existing Investments still encumbered / “not in the money yet” (Tier 2).
- Black individuals and groups with limited business or entrepreneurial experience (Tier 3).

C. Challenges faced by the target market

In bridging the economic divide, the NEF strives to address the following market failures:

- Limited own capital;
- Poor quality of business plans;
- Lack of accurate and reliable financial information;
- Limited management skills, including financial, marketing and technical expertise;
- Lower bargaining power and strong competition from established businesses with entrenched market dominance;
- Inadequate access to affordable capital; and
- Lack of access to international markets.

In response to these challenges, the NEF’s financial and non-financial services assist the target market.



6.2.2. Investment Stimulus

The NEF is growing black economic participation in the South African economy through its structured and specialised Funds that address the needs of businesses as demonstrated by the nature of products housed in each of the five funds below. In the normal course of the NEF's business, projects that require more than R75 million are assisted through a co-funding arrangement with other capital funders in the market. For the time being, this threshold is reduced to R50 million. The Funds are listed below:

	Strategic Projects Fund	iMbewu	uMnotho	Rural, Township and Community Development	Women Empowerment Fund
Objectives	<ul style="list-style-type: none"> • Funds the development of projects through stages of projects 	<ul style="list-style-type: none"> • Supports start-up businesses • Provides capital for the expansion of small enterprises 	<ul style="list-style-type: none"> • Provides capital for expansion of businesses, the buying of shares in white-owned businesses or funding new ventures 	<ul style="list-style-type: none"> • Supports the development and growth of a rural economy in rural communities, which is achieved by the mobilisation of structures such as cooperatives 	<ul style="list-style-type: none"> • Supports businesses that are more than 50% owned and managed by black women
Products	<ul style="list-style-type: none"> • Venture Capital funding structures • Development of Black Industrialist funding in strategic sectors 	<ul style="list-style-type: none"> • Franchise financing • Procurement/ Contract • Entrepreneurship funding 	<ul style="list-style-type: none"> • Acquisitions • New Ventures • Expansion • Capital Markets • Liquidity and Warehousing funding 	<ul style="list-style-type: none"> • New Ventures • Business Acquisition • Expansion 	<ul style="list-style-type: none"> • The product offerings cut across all products provided by the different Funds
Funding range	<ul style="list-style-type: none"> • Funding up to R75 million 	<ul style="list-style-type: none"> • Funding from R250 000 to R15 million 	<ul style="list-style-type: none"> • Funding ranges from R2 million to R75 million 	<ul style="list-style-type: none"> • Funding ranges from R1 million to R50 million 	<ul style="list-style-type: none"> • Funding from R250 000 to R75 million

A. iMbewu Fund

The iMbewu Fund provides innovative financial solutions with the aim of deepening NEF's impact in the SME sector by increasing the number of black-owned SMEs that participate meaningfully in the economy. The products used in delivering the financial solutions have been designed to address market failures that limit meaningful economic participation by black-owned SMEs. Among these market failures are access to capital, lack of information, lack of access to markets and lack of technical skills. iMbewu Fund provides the funding through the following products:

7. Franchise;
8. Procurement; and
9. Entrepreneurship.

The financial solutions are backed by strong non-financial support in the form of mentorship and back-office accounting function that are offered to SMEs to enhance their long-term financial sustainability.

The strategic rationale for the iMbewu Fund: supports the creation of new sustainable black-owned enterprises; promote and enable meaningful participation of black people in the economy; and contribute towards the creation of employment opportunities, given the importance and contribution of SMEs in the development of the economy.



Franchise Finance

The product is designed to allow the creation of new SMEs and to support entrepreneurs who seek to start a new business by acquiring a franchise licence with a reputable franchise brand. The product provides a platform for black entrepreneurs with limited capital and managerial expertise to start and/or expand a business. The strategic rationale for the product is to address the following challenges faced by black entrepreneurs:

10. allowing black entrepreneurs to buy into a franchise system that already has an established brand and operating systems that guarantee success;
11. technical and business support to address lack of technical and managerial expertise;
12. ensuring rapid access to market through a brand that is recognised and with a track record;
13. minimising investment risk while also optimising returns, making access to funding possible.

Some of the challenges that have been experienced in the past was the funding of small franchise brands that lack capacity and depth to support their franchisees. Some of these brands had also issued licences to black franchisees in order to access DFI finance to test their new concepts with the ulterior motive of taking over once they become successful. However, NEF has addressed the challenge by funding only reputable franchise businesses with a long successful track record. One of the sectors that have been successful is in the Energy Petroleum sector.

The NEF has strategically targeted the Retail Petroleum Sector in the Energy industry sector – Petroleum as a key strategic sector to foster black inclusion in the mainstream of SA's economy.



Energy sector – Petroleum



Through the iMbewu Fund the NEF's participation is entrenching black economic empowerment participation in the energy sector through establishing new franchises, acquisitions of franchises and providing expansionary capital. Below is a demonstration of some of the key oil majors that the NEF is in partnership with. The NEF and these partners continue to enhance franchise methodologies to increase inclusion of black participation going forward.



Within the NEF's franchise portfolio, service stations rank as the most vibrant and successful both commercially and in terms of the repayment trends to the NEF. The relationship with the various petroleum companies is in line with the NEF SME strategy that seeks to leverage the technical expertise provided by these companies for the benefit of black- and women-owned enterprises.

Since inception the NEF has funded 130 Black owned service stations amounting to R767 million and an excess of R436 million has been collected. Out of these 130 stations 45 are active, 67 have settled the NEF facilities and 18 are in the Legal Services Unit. Approximately 69% of the active stations are in the low-risk category and service the NEF's monthly obligations without defaults. This sector has created approximately 3 845 permanent jobs in

South Africa. The sector has about 42% women shareholding, which is a quantum leap in this industry.

Example of transaction funded in the Energy Sector:



Skhandzisa Trading (Pty) Ltd t/a Shell Malelane is 100% black women owned by two sisters, Ms. Nolwazi Mdluli and Ms. Nozipho Mdluli, each holding 51% and 49% shareholding, respectively.

The entrepreneurs have been appointed as the retailers for Shell Ultra City Malelane Service Station located on the North and South bounds of the N4, in Mpumalanga. The sites have recently been converted from a Total Energies (aka PetroPort) Service Station as renovations have already been completed and are treated as “New to Industry”. Having completed the training and satisfied the requirements to be a retailer, the entrepreneurs were identified as the preferred retailers to take over the running of Shell Ultra City Malelane Service Station (both North and South bound). The acquisition includes on each side of the highway: a forecourt (eight islands with three nozzles each); a truck stop; Select Shop; and a quick service restaurant, namely Nando’s.

The NEF has approved R15-million to finance the acquisition of Shell Ultra City N4 Malelane North and South bound as well as the installation of a Nando’s Quick Service Restaurants (QSRs). The transaction will result in the creation of 54 new jobs. The job split is as follows:

- Service stations cashiers and merch: 11 jobs
- Select Deli by Shell: 6 jobs

- Forecourt – Service Champions: 13 jobs
- Nando's: 12 jobs
- Back-office support and security: 12 jobs

I. Procurement Finance

The product targets black entrepreneurs who want to pursue business opportunities emanating from supplier development initiatives both in the private and public sector space. NEF would fund black SMEs that have been awarded contracts to supply goods and services. The NEF investment goes towards building capacity by funding working capital and acquisition of assets to allow the SMEs to deliver on the contracts awarded. The strategic rationale for the product is:

- facilitate access to finance for black-owned SMEs;
- support supplier development initiatives espoused in the B-BBEE Act and Codes of Good Practice;
- creation of sustainable jobs; and
- allow access to market through supplier development.

However, many SMEs have experienced some challenges mainly attributable to late payments by the public sector entities. This has imposed a major financial strain on SMEs, resulting in some of the businesses closing down. There are number of interventions at the ministerial level spearheaded by the Department of Small Business Development in an effort to address the SME plight. The expeditious resolution of this matter will auger well for the flourishing and growth of the SA's SME sector.

Example of Procurement Finance Transaction:



Elidna Trading (Pty) Ltd is a 100% black owned and managed business that was established by Mr. Andile Dlamini in 2006. It is a transport and logistics business based in Johannesburg, Gauteng. It started operations in 2010 as a transport services provider for tourists, during the 2010 FIFA World Cup. The business was subsequently involved in various types of business opportunities including providing transport for scholars.

The Business has been awarded a 5-year contract to supply truck horses for bulk and delivery of loads to and from SPAR Distribution centers nationwide on behalf of Orange/SPAR South Africa. Elidna Trading will be one of the five dedicated carriers fully supported by Orange Logistics.

SPAR Group Limited and Orange Pallet Inc T/A Orange Logistics have entered into an evergreen *en commandite* partnership agreement in 2015, by way of a joint venture. The two entities have undertaken to operate a cost saving logistics operation in terms of which they will work together in the inbound and outbound supply chain into SPAR distribution centers from various suppliers that have their products at Spar retail shops.

The total of R13.8 million was approved by the NEF for the purchase of five truck horses and for working capital requirements to fulfill the contract awarded to Elinda. The transaction will result in the creation of 11 new jobs and 1 retained job.

II. Entrepreneurship Finance

Funding under the Entrepreneurship Finance product targets black-owned SMEs that require either start-up or expansion capital to pursue business opportunities presented by the market in general. Businesses supported are neither associated with any franchise brand nor do they have a contract to service. These are businesses that are run by entrepreneurs who have identified a niche and have developed a product or service to address a need. NEF supports businesses that have already developed a product or service that has been tested and launched to the market but require funding to scale up operations in order to reach critical mass.

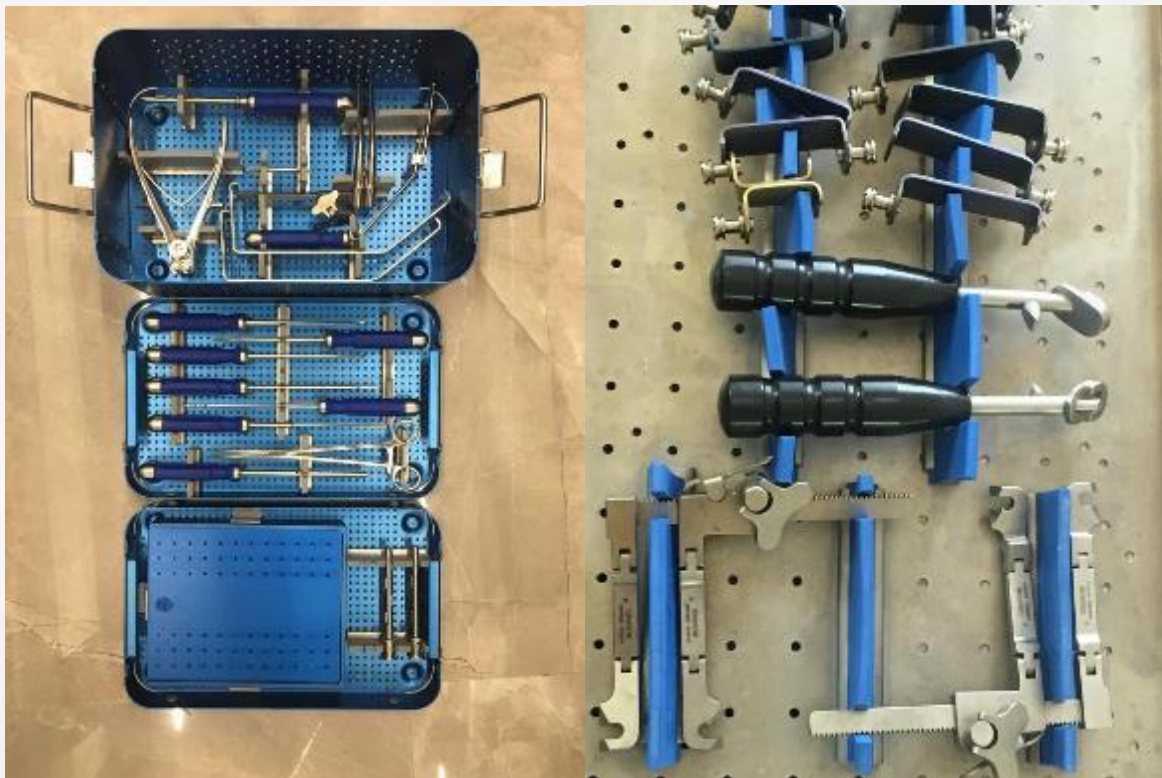
The strategic rationale for the product is:

- facilitate access to funding for black entrepreneurs who do not have the collateral to raise funds from banks;
- creation of new enterprises owned by black people; and
- creation of sustainable jobs.

This is one area where SMEs experience most of the market failures. NEF has designed non-financial support interventions to minimise the probability of failure, which include the following:

- provision of incubation through partnership for businesses that do not have business ideas that are ready for the market;
- entrepreneurial training for businesses that have limited operating experience and need business support to get their businesses ready for funding;
- post-investment, NEF provides an extensive mentorship and back office accounting services which are mandatory for all investees; and
- structuring longer moratorium period on interest and capital repayments to allow businesses to build cashflow.

Example of Entrepreneurship Finance Product:



Mossmed (Pty) Ltd a 100% black owned and 50% women-owned and managed business was established in 2015 by the entrepreneur, Mr. Mosaletsane Elias Mofokeng and his wife, Mrs Khombisile Thuli Mofokeng. Situated in Alberton, Gauteng, Mossmed operates in the medical device industry (manufacturing) specifically in the orthopedics space (also called orthopedic surgery) which focuses on injuries and diseases of the human body's musculoskeletal system. Mossmed also supplies medical devices/implants for neurosurgery (skull) and spinal surgery across private and public hospitals in South Africa. The total loan of R6.7 million was approved to purchase equipment and for working capital needs to be able to service the growing demand of their services. The transaction will result in the creation of five new permanent jobs, five retained jobs and one internship.

B. uMnotho Fund

This Fund is designed to improve access to BEE capital and has five products: Acquisition Finance, New Ventures Finance, Expansion Finance, Capital Markets Fund, and Liquidity and Warehousing. These products provide capital to black-owned and -managed enterprises, black entrepreneurs who are acquiring shares in established white-owned enterprises, new ventures finance and BEE businesses that are listed or wish to be listed on the JSE. Funding ranges from R2 million to R75 million.

Under uMnotho Fund the NEF chose the following key strategic sectors as instruments for increasing black inclusion, transformation and contributing to the economic growth of South Africa:

- Property sector including Student Accommodation
- Transport and Logistics
- Construction & Materials
- Fourth Industrial Revolution
- Creative industries & Media
- Tourism



Property Sector



The property industry is still far from a true reflection of South Africa's demographics in terms of ownership patterns, judging from the few numbers of black people participating in the industry. The true empowerment in the property sector is still lagging; black people are still largely excluded from the entire value chain, which is unacceptable and unsustainable 27 years into our democracy.

According to the Department of Public Works' 2020 Annual Report, the national government spent about R5 billion per annum. Property leases are, on average, concluded at costs that are above the market rates; hence the high rental expenditure of approximately R5 billion per annum. There are a few landlords who dominate the lease portfolio in government, preventing new entrants to the industry, especially previously disadvantaged groups. The importance of a government lease was that banks recognised that the government would always honour its payments. By far the best tool to transform the industry was through government-owned properties.

On the JSE, it was mostly through this government intervention that the property industry started to see the emergence of black entrepreneurs and landlords in the property space. This gave rise to a few BEE funds, or funds with BEE credentials such as Ascension, Delta, Dipula and Rebosis, with a then combined market capitalisation of R18 billion, which only **made up about 4% of the total market capitalisation of the sector**, which was approximately R400 billion.

Since inception, the NEF has been playing its catalytic role in transforming the property sector and has disbursed over R393 million. These transactions were in retail properties, tourism properties; affordable & social housing as well as industrial and student accommodation.

The average number of jobs supported by the investment in this sector is 6 915 during construction while 5 536 are permanent jobs.

The lack of transformation in the sector and the targets as set out in the property charter, which further addresses issues pertaining to ownership, management control, skills development, enterprise and supplier development and socio-economic development; the property industry when compared to other sectors of the South African economy is one of the least transformed in the local economy.

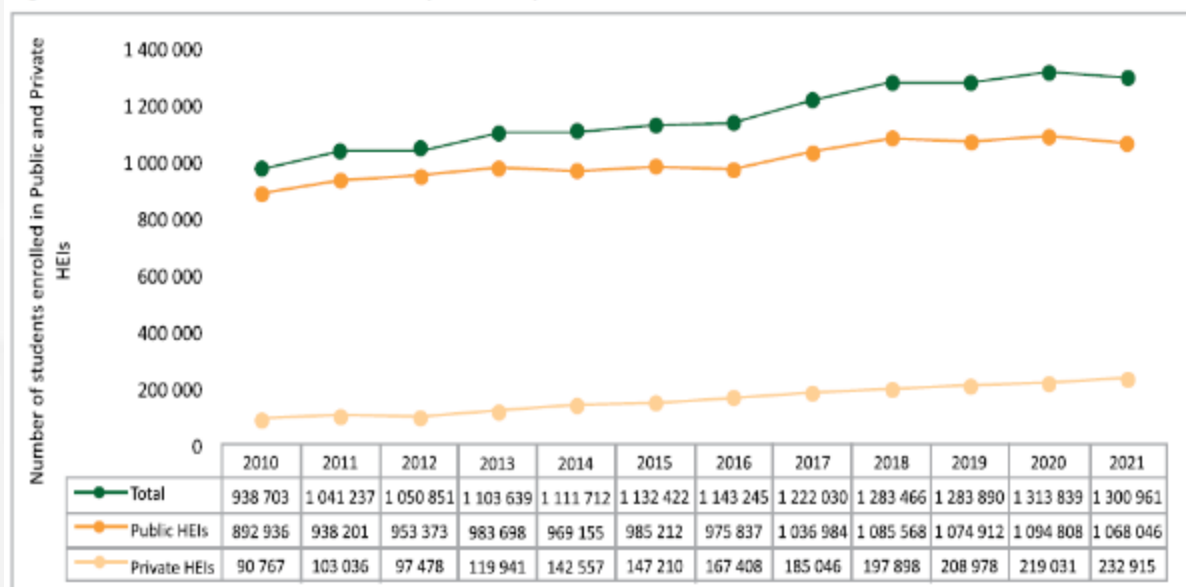
It is therefore a strategic imperative for the NEF to continue investing in the sector; to meaningfully support and grow real black property entrepreneurs is necessary in order to nurture and grow talent and create a new generation of black property players. It is also important to highlight that within these statistics of black players, there are very few, if not any female-led property companies or developers. Property ownership and development have a fundamental role to play in creating employment, creating wealth, and is a pivotal tool for economic freedom and transformation.

a. Student Accommodation – Sub Sector of Property



The Department of Higher Education and Training (DHET) statistics on post-school education training in South Africa published in 2023 shows that a total of 1.3 million students were enrolled in public and private Higher Education Institutions (HEIs) in 2021 as depicted on the figure below. Enrollment in public education institutions accounted for (82.1% or 1 068 046), while only 17.9% or 232 915 enrolled in private HEIs.

Figure 4.1: Number of students enrolled in public and private HEIs, 2010 – 2021



Source: DHET, 2023

In 2023, the National Student Financial Aid Scheme (NSFAS) reported that it will require 397 000 beds in 2024 while a total of 393 227 beds have been registered by 20 751 accommodation providers across the country. The Organisation Undoing tax abuse (OUTA) provided a breakdown of student accommodation by institution and ownership types as depicted on the table below.

Institution Type	Accommodation Type	Number of students
TVET College	Institution Owned Accommodation	12,000
	Private Owned Accommodation	120,000
University	Institution Owned Accommodation	100,000
	Private Owned Accommodation	165,000

Source: OUTA, 2023

In the context of the above, it is clear that there's a national challenge shortage of accommodation for South African students at tertiary and vocational level. This shortage is

expected to increase with anticipated expansion in student enrollments as population continues rising. The demand for safe, sustainable accommodation needs deliberate action urgently because this has a direct effect on students' academic success. The government is committed to ensuring that in expanding fee-free education for students from poor and working-class backgrounds it will include accommodation, transport, and study materials for qualifying students at public colleges and universities.

South African universities have been battling to accommodate a striking portion of the student population and there is a growing demand for purpose-built student accommodation (PBSA) as demonstrated by the Table below reflecting the net effective demand per public institutions:

	2020 Enrolments (Contact Students)	Public PBSA	Private PBSA (2km radius)	Total PBSA	PBSA Ratio	Effective Demand	Net Effective Demand
Cape Peninsula University of Technology	32,876	5,843	10,253	16,096	49%	16,87	6,26
Central University of Technology	19,762	1,118	405	1,523	8%	18,239	11,915
Durban University of Technology	32,122	2,611	19,369	21,98	68%	10,142	-137
Mangosuthu University of Technology	13,733	1,886	0	1,886	14%	11,847	7,452
Nelson Mandela University	29,253	3,295	2,249	5,544	19%	23,709	14,348
North West University	50,664	9,215	5,713	14,928	29%	35,736	19,523
Rhodes University	7,791	3,657	120	3,777	48%	4,014	1,521
Sefako Makgatho Health Science University	7,599	1,573	0	1,573	21%	6,026	8,594
Sol Plaatjie University	3,527	978	0	978	28%	2,549	1,421
Tshwane University of Technology	65,738	10,164	8,762	18,926	29%	46,812	25,776
University of Cape Town	27,873	6,579	6,317	12,896	46%	14,982	6,061
University of Fort Hare	18,431	5,089	2,539	7,628	41%	10,803	4,905
University of Free State	42,037	5,978	2,258	8,236	20%	33,801	20,349
University of Johannesburg	46,937	6,481	30,091	36,572	78%	10,365	-4,655
University of KwaZulu-Natal	49,542	7,384	1,715	9,099	18%	40,443	24,589
University of Limpopo	22,728	7,316	320	7,636	34%	15,092	7,819
University of Mpumalanga	6,624	1,373	0	1,353	20%	5,291	3,151
University of Pretoria	49,875	8,044	27,078	35,122	70%	14,753	-1,207
University of South Africa	0	0	0	0	0%	0	0
University of Stellenbosch	32,706	7,931	3,776	11,707	36%	20,999	10,533
University of the Western Cape	24,366	3,656	0	3,656	15%	20,710	12,913
University of Venda	19,000	2,036	0	2,036	11%	16,964	10,884
University of Witwatersrand	39,436	6,336	28,620	34,956	89%	4,480	-8,139
University of Zululand	16,916	4,354	0	4,354	26%	12,562	7,149
Vaal University of Technology	20,39	3,081	1,838	4,919	24%	15,471	8,946
Walter Sisulu University of Technology	33,219	5,354	2,463	7,817	24%	25,402	14,772
Total	713,15					437,952	209,744

(Source: "Statistics on post school education and training in South Africa 2021")

South Africa's post-high school education and training sector comprises of 26 public universities, 50 public technical and vocational education and training colleges, nine community education and training colleges and numerous private universities and private colleges.

Access to quality affordable student accommodation in South Africa forms an integral part of the higher education system. However, demand for such student accommodation presently outweighs supply. This demand gap has resulted in the development of the PBSA sector, mainly buoyed by the development of private student accommodation. Incidentally, the development of private accommodation created another gap between affordable accommodation and mid-level student accommodation, thus, resulted in rising demand for affordable student accommodation – particularly for students that are funded by the National Student Financial Aid Scheme (NSFAS)

There is a wide gap between affordable and mid-level student accommodation in particular, as the South African government aims to increase the number of students enrolled at universities and TVET colleges to 4.1 million by 2030. This in itself is an opportunity for investors looking to break into the student accommodation as part of a buy-to-let portfolio.

It is for this reason that the NEF has since entered this space to support black entrepreneurs who want to alleviate the challenge. The NEF has approved R136 million towards student accommodation developments with a total project size of R354 million. A total of 1 223 jobs that will be created during constructions, and 166 permanent jobs will be supported during the operation phase.



Example of Investment in Student Accommodation:



MapChief Trading (Pty) Ltd, a 100% black owned and 50% woman owned company was established in 2015 for the purpose of developing a student accommodation in Pretoria West (the “Ha Bo Rona Project”). The company was founded by Ms. Ephy Motlhamme and Mr. Thabo Mongoato, who later partnered with a smaller predominantly women-owned business holding 14.41% of the business while the Founders retain 85.59%. The development situated on 463 and 459 Hanny Street, in Pretoria Gardens will be constructed to house 308 Tshwane University of Technology (“TUT”) students. The development will be a 5-storey single block building with 7 756-square metre, 2-bedroom units and 44 parking spaces. The land has already been purchased and measures 2 039 square metres. TUT has been engaged and has issued a letter of support to MapChief to place the students in the facility on successful completion of the accreditation process. MapChief has approached the NEF for funding of approximately R33.4 million to fund the Project, alongside the Gauteng Partnership Fund (“GPF”), who will be contributing R13.4 million while the sponsor will contribute R5.4 million. The long-term strategy of MapChief is to develop and maintain student properties nationally. Approximately 128 jobs will be created by this project, with 8 of the jobs being permanent.

Ongoing opportunities and NEF’s involvement in the sector:

The National Department of Higher Education, NSFAS & Universities have developed an Accreditation Policy to deal with the shortage and improve the state and condition of accommodation students have access to off campus. Strategic Black Developers are rejuvenating city centres by turning older unoccupied buildings into modern student apartments for rental to university students. The NEF in partnership with other co-funders are supporting Strategic Black Developers to develop student accommodation properties. There is an opportunity to invest – there is a shortage of over 750 000 student beds nationally.

b. *Commercial Property – Sub Sector of Property*

GNI Social Housing (Pty) Ltd (GNI) a 100% Black owned development company, managed by Mr Kgomoiso Nakene, was established in 2018 to take advantage of opportunities in the social housing markets. The funding requested from the NEF was for the development of Social Housing Units in Jeppestown called Unity House Social Housing Units. The project is an inner-city building conversion and extension for the delivery of 95 social housing units with retail facilities on the ground floor of the units. The project is part of the Urban rejuvenation program in the City of Johannesburg with a project size of R38 million. The Social Housing Regulatory Authority provided 75% of the funding, while the balance (25%) was funded by the National Empowerment Fund through a combination of debt and equity funding. The project was implemented by the GNI Social Housing Company and the Department of Human Settlement's agency the Social Housing Regulatory Authority SHRA). The units will be used as rental stock by GNI Social Housing (Pty) Ltd built for families who earn a combined household income of between R1 500 and R15 000. The project which started in March 2020 was completed in July 2022, creating 230 jobs with 277 jobs benefitting youth during the construction phase.



“The project is a prime example of infrastructure investment in action and speaks to the aims of the Economic Reconstruction and Recovery Plan (ERRP) The project is a prime example of infrastructure investment in action and speaks to the aims of ERRP through economic transformation, job creation, skills development, consolidating the social wage through reliable and quality basic services, spatial integration, human settlements, social cohesion and safe communities.” – Public Works and Infrastructure Minister, Patricia de Lille - August 30, 2022

II. Transport and Logistics

South Africa is home to the farthest-reaching and highest-quality transport network on the African continent, which is good news for aspiring transport entrepreneurs. Road and rail networks are the backbone of any economy. However, they are also one of the most important assets in terms of sheer monetary value. For decades the country's extensive road, air, rail and sea links have underpinned economic and social development not only in the domestic market but through the region as a whole. As with all sectors of the economy, however, transportation and logistics remain largely untransformed.

The NEF has invested over R505 million in the sector, which comprises 3.27% of the invested portfolio. NEF investment has supported 3 165 jobs.

Example of Investment in this industry:



Mdibi Projects (Pty) Ltd is a 100% black owned company that specialises in supply and installation of Fire Equipment, Heavy-Duty Industrial Machines, Electronic Power Tools, Emergency Medical

Equipment, disaster management solutions and ICT Accessories across all Provinces within the Republic of South Africa. Situated in Ferndale, Gauteng the business procures their equipment from both local and international suppliers, however, 90% of the specialised equipment is imported due to the lack of local manufacturers. 10% of the equipment and machinery that is sourced locally is either from distributing agents or where it customised fabrication.

Mdibi Projects is currently executing multiple contracts with City of Ekurhuleni, City of Tshwane and Transnet Freight Rail. The Total contract value from these contracts is R56.2 million. The total value of all the Contracts and purchase orders can be further detailed as follows:

- City of Ekurhuleni – R44 million, delivered within the next 30 months.
- City of Tshwane – R9.9 million, delivered within the next 21 months.
- Transnet Freight Rail – R3.9 million, delivered within the next 12 months.

The business is at its growth phase and is being awarded more contracts and orders, over and above the current growth. Mdibi Projects has approached the NEF to raise R5 million to fund working capital to execute various contracts awarded by City of Tshwane, City of Ekurhuleni and Transnet Freight Rail. The transaction will maintain 5 jobs.

The NEF continues to play in the sector as there is continuous demand in the economy. The sector is also highly untransformed and most corporates (especially mining houses, SOE's, oil majors, etc.) are looking for black entrepreneurs to source this service from. The NEF will continue to fund black participation where there are direct contracts with these companies and scalability.

III. Construction and Materials

Given its considerable size, the construction sector is envisaged to play a powerful role in South Africa's economic growth, in addition to producing structures that add to productivity and quality of life. Since construction is labour intensive, when the sector is working at full capacity, large sections of the nation's work force are active.

Examples of support for black economic empowerment in the sector are as follows:



Dika Plastic Pipes (Pty) Ltd (DPP), situated in Middleburg, Mpumalanga is a 100% Black owned company engaged in the manufacturing of plastic pipes and related fittings. Until recently, DPP supplied non-certified High-Density Polyethylene (“HDPE”) pipes to a small segment of the market. The Company has now obtained its SANS - 4227-2 certification, thus, has the opportunity to sell the SANS-4227-2 pipes to a wider customer base.

In addition to the HDPE pipes, DPP will also have Low-Density Polyethylene Pipes (“LDPE”) and Polypropylene (PP) Pipes in its product portfolio – the additional capacity will facilitate this addition. The expansion funding will be utilized in:

- Acquisition of manufacturing machinery
- Testing equipment
- Acquisition of delivery vehicles
- Funding the installation of an alternative energy source and working capital.

The NEF approved R39 million worth of funding, helping Dika Plastics retain 9 jobs while creating 44 new jobs.

Outlook of the sector going forward

The construction sector is distressed, facing a host of risks and challenges, including the continuing shortage of major projects and non-payment by government and other state entities.

The NEF investees will be assisted to diversify their revenues and increase the number of projects they have to ensure they remain operational through the current economic conditions. An opportunity exists for NEF investees to venture into the following segments: Developments, Materials, Mining, Roads and Earthworks.

Furthermore, with the R100 billion committed towards the Infrastructure Fund for the next 10 years opportunity exists for both NEF investees and new applicants; this will drive job creation, black empowerment and economic growth. The NEF will not focus on funding a specific project, but the business model presented. This will ensure the loan is serviced even when the specific project is running at a loss, but the business is profit making.

IV. Creative Industries & Media

In 2015, revenue from cultural and creative industries generated globally accounted for 3% of the world's Gross Domestic Product (GDP), or a total of \$2.250 trillion. It also created a total of 29.5 million jobs worldwide, or 1% of the earth's actively employed population.

South Africa is aligned with this trend where in 2014, according to some early mapping of the sector, South Africa's creative economy contributed over R90.5 billion to the national economy or 2.9% of the GDP in 2013 to 2014, exceeding, for instance, the contribution of agriculture to the GDP (2.2%). In 2014 the industry accounted for 2.9% of employment in South Africa, equating to 443 000 jobs.

Between 2016 and 2018 the South Africa's cultural and creative industry contributed R74.4 billion to the country's GDP according to a new study titled "Economic Mapping of the Cultural and Creative Industries in South Africa 2020", the study that was released by the South African Cultural Observatory (Saco) suggested that the creative industry's direct contribution to GDP was 1.7% in that period. The pandemic has brought about some adverse impact on the film industry and a level of disruption in the way things are done. The most perceptible changes are in the way that filming on location and in studio is done, distribution and exhibition of the content and cancellations/postponements of major film markets and festivals which are key in securing international movie deals.

The contribution of the creative economy to the country's GDP is not reflected as it remains the most underappreciated economic driver in South Africa.

It is precisely to harness the productive potential of the sector that the NEF has continued to increase its support for black entrepreneurs in both the creative and media industries, having invested a total **R524 million**. The NEF has disbursed R39 million in the creatives sector. This investment has unlocked 1 762 job opportunities. Even though editorial leadership in the country's newsrooms has largely been transformed, ownership remains primarily white.



Examples of NEF funding in this space include:



The Kings Sequel: Let Freedom Reign (Pty) Ltd is a special purpose vehicle (SPV) that has been incorporated with the sole mandate of housing the production of the new movie – The Kings Sequel: Let Freedom Reign (The Kings Sequel). This follows the original Film of Kings of Mulberry Street: Let Love Reign, which the NEF provided bridging funding for in 2018. That facility has since been successfully exited. Judy Naidoo Films (the company behind the movies) is 100% black women owned business. The company has approached the NEF for funding of R10.635 million to shoot the new movie The Kings Sequel, which will be released on Netflix. The location of the new movie is entirely based in KwaZulu-Natal, creating 177 new jobs to produce the movie.



Vengeance Five (Pty) Ltd is a 100% black owned Special Purpose Vehicle (SPV). The SPV by Fardeen Productions has been established exclusively for the production of the film titled: *A Love Like Bollywood*, which will be shot and produced in KwaZulu-Natal. The SPV received grant funding of R5.59 million from **the dtic**, National Film and Video Foundation and KZN Film Commission towards the production budget of the Film. The NEF approved R4.45 million for bridging of outstanding grant funding to support the production of *A Love Like Bollywood*. The company will create 393 temporary jobs in the Film and Television Industry

C. Strategic Projects Funds (SPF)

The fund aims to play a central role in early-stage projects by identifying, initiating, scoping and developing projects that are in sectors identified by government as the key drivers to South Africa's economic growth.

In support for black industrialists, the NEF creates new manufacturing and industrial capacity alongside local and international partners.

Through the Strategic Projects Fund (SPF), the NEF has made important steps in seeking competitive opportunity for the South African economy and the inclusion of black participation in opportunities at the outset of projects, as opposed to doing so during equity closure.

In essence, in this area the NEF aims to:

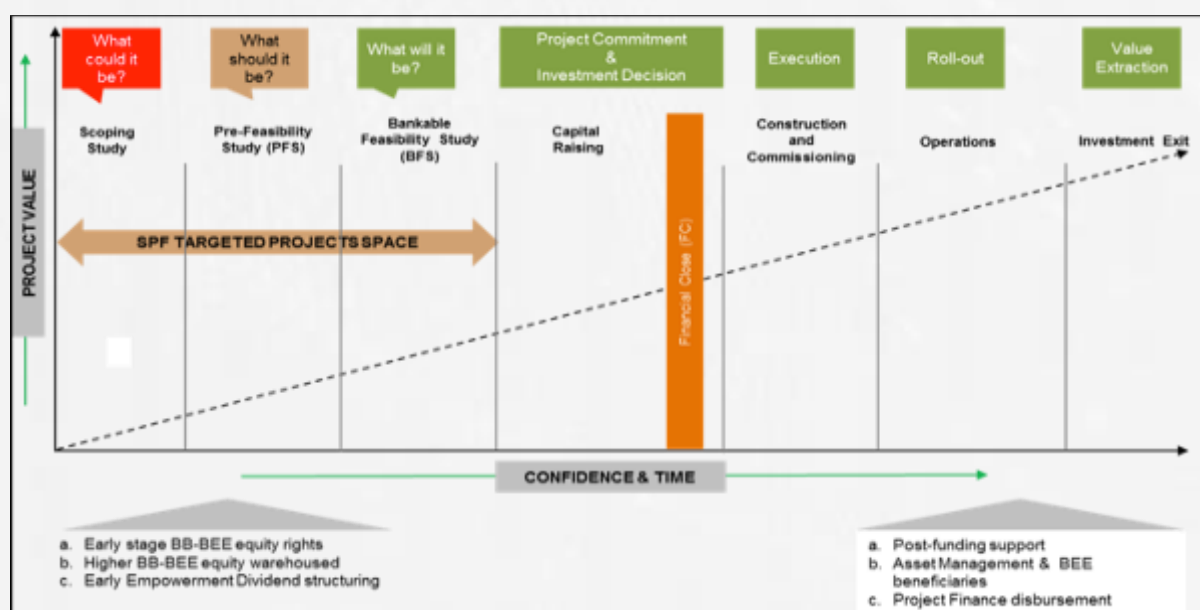
- Create new manufacturing and industrial capacity.
- Create new and sustainable jobs as opposed replacement capital finance

- Invest new fixed capital into economically depressed areas or poverty nodes
- Create an inclusive economy by increasing black South African participation at the early stages of projects.
- Increase South Africa's export-earning potential and reduce import dependency.
- Increase co-investment and linkages with foreign direct investors.

I. SPF Beneficiation project lifecycle

Industrial projects typically undergo an extensive and rigorous development cycle prior to reaching a bankable stage at which point they can be evaluated for commercial viability and funded by investors.

Such investors can either be equity and/or commercial funding institutions through debt, quasi-debt or equity instruments, for implementation. As illustrated graphically below, over time with the progression of project development, the confidence in the potential viability of a business concept and the value of the project increase.



The typical project development stages include:

1. *Scoping & concept* – this is the initial stage of project development used to generate, refine and short-list ideas for further development.
2. *Pre-feasibility Study (PFS)* – this is the second stage of project development during which business models developed during the scoping phase are assessed for commercial

viability, developed in more detail with qualifying assumptions, and a project risk matrix drawn up to conclude the potential commercial viability of business concepts.

3. *The Bankable Feasibility Study (BFS)* is the final project development stage wherein the material project contracts are executed, minimising or eliminating project implementation and viability uncertainty in order to permit capital raising for project execution.
4. *The Capital-Raising Stage* is reached when project execution capital is raised from equity investors and/or debt providers.
5. *Financial Close (FC)* is the stage at which all project capital is raised, potentially unconditionally in readiness for fund drawdown and project implementation, subject to fulfilment of any Conditions Precedent (CPs).
6. And lastly, *Project Implementation* is execution stage of the project e.g. construction phase, followed by set up of the operational company.

At the NEF the SPF targets investing in these projects as early as practically possible for three key reasons:

- firstly, to achieve the lowest investment equity subscription or entry price;
- secondly, to influence the equity or ownership structuring of the projects, with a leaning towards B-BBEE empowerment; and
- thirdly, to secure equity to be warehoused on behalf of and for future distribution to B-BBEE entities.

Through the Strategic Projects Fund, NEF will facilitate B-BBEE in the following ways:

- Warehouse equity for B-BBEE in early-stage projects at valuations with little or no premium paid to access the projects. This enables NEF to distribute its warehoused equity to B-BBEE at lower valuations once the project is operational;
- Take early-stage risk on behalf of black people as early-stage projects have higher execution risks compared to operational companies. The NEF will assume most of the financing risk and devise instruments to carry or transfer equity to B-BBEE once project fatal flaws have been mitigated;
- Manage the project and venture capital finance structuring complexities as it is more complex and difficult to raise capital for new ventures as compared to uMnotho finance deals where valuations can be ascertained based on historical performance and risks are clearly understood;

- Enable project promoters to focus on making projects bankable and operational by giving the B-BBEE status as NEF is the only DFI gazetted as a B-BBEE facilitator;
- Once the initial project risks have been reduced, the NEF will transfer its shareholding to selected B-BBEE groups through a transparent process.

II. Growing Black Industrialists

Through the SPF the NEF has been hard at work to increase the number of black people participating proactively in early-stage projects and other divisions of the NEF proactively seek to invest in expansionary and new ventures. Through the SPF fund the NEF has made important steps in seeking competitive opportunity for the South African economy and the inclusion of black participation in opportunities at the outset of projects, as opposed to doing so during equity closure.

The total portfolio of Black Industrialists that were supported by the NEF in partnership with local and international investors amounts to 24 projects valued at R12.5 billion.

The SPF seeks to create new manufacturing and industrial capacity alongside local and international partners. To date the NEF has invested approximately R900 million in developing projects (with a total of 24 projects currently under development); businesses that have created over 3 600 jobs and leveraged over R4.3 billion of third-party funding.

Examples of transactions funded under this Fund include:

Irwing 310 (Pty) Ltd trading as Topsteel ("the company") is a 100% black-owned entity established by Mr Edgar Nigel Kock. Topsteel is directly owned by a Trust that is 75% women and 25% youth controlled. Topsteel was initially established as a closed corporation in October 2000 and later converted to a private company in July 2010. The company operates in the steel fabrication/manufacturing sector, supporting the food and allied industries, and critical electrical distribution sectors. The company is a reputable manufacturer of sub-assembly" parts for the Macadams Group of Companies, which are used in the production of commercial bakery ovens for both the local and international markets. Macadams has been in existence for over 120 years and has a presence in over 80 countries through 65 agents that operate in various countries around the world. Continents in which they have a presence include but are not limited to, Australia, African, Europe, and most recently in North America (USA). In addition to this, Macadams supplies their ovens to local bakeries, to major retailers such as Shoprite-Checkers, Woolworths, Pick & Pay, and to several fast-food outlets and franchisors. Topsteel approached the NEF to raise funding to the tune of R9.2 million to install solar panels, an Industrial Generator, and finance working capital, maintaining 41 jobs in the process.

tara healthcare

Established in 2016, **Tara Healthcare (Pty) Ltd** (Tara) is a company that supplies the health industry with medical goods, surgical products and devices. The company has relocated its head office from Midrand (Gauteng) to Durban (KZN), however, its medical devices and products are distributed nationally.



Tara was one of the first companies to respond to the government's call for assistance in the fight against Covid 19 pandemic. In this response, the company supplied more N95 face masks, 3 ply face masks, hand disinfectants, medical body suits and isolation gowns. All these and many more of Tara's products remain critical products in the healthcare sector. In 2020, NEF assisted Tara with a R10 million revolving facility. Due to the excellent conduct of Tara's account with NEF, NEF approved another R10 million revolving facility to Tara. The company is led by a black entrepreneur and has been successful in satisfying all the orders in the health sector during the Covid 19 period and ongoing.

Going forward the NEF will continue supporting black industrialists to play a meaningful role in the industrial and manufacturing development of South Africa. The continued support of black industrialists will yield significant job creation, contribute to South Africa's export market and reduce import dependency, and improve living conditions of the population in economically depressed areas.

D. Rural, Township and Community Development Fund (RTCDF)

- The Rural, Township and Community Development Fund was designed to promote sustainable change in social and economic relations and support the goals of growth and development in the rural and township economy, through financing of sustainable enterprises. This would be achieved through the mobilisation of rural communities in legal entities or cooperatives, in order to participate in the broader economic activities and realise the economic transformation goals in rural South Africa.

- Promote access to finance for black rural entrepreneurs/communities;
- Promote economic transformation in order to enable meaningful participation of black people in the economy;
- Increase the participation of communities, workers, co-operatives and other collective Enterprises owned and managed by black people;
- Create sustainable rural enterprises and thereby assisting in the creation of job opportunities and sustainable incomes; and
- Identify new growth sector with potential for job creation and broad-based participation.

Under RTCDF the NEF chose the following key strategic sectors as instruments for increasing black inclusion, transformation and contribution to the economic growth of South Africa:

- Revitalisation of the Rural and Township Economies
- Tourism
- Agro-processing
- Real Estate

I. Revitalisation of the Rural and Township Economies

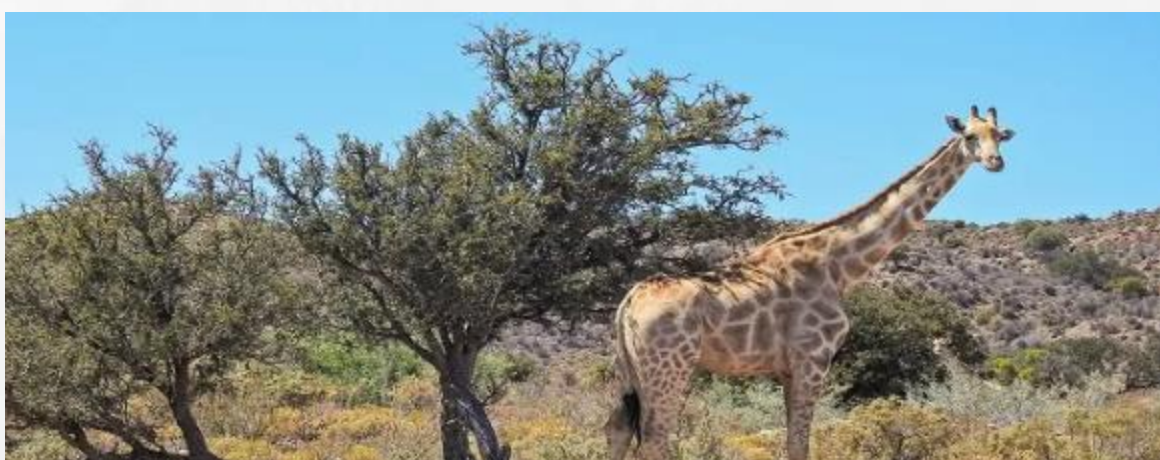
The NEF understands the importance of sustainable economic activity in Townships and Rural areas and has developed products that focus on funding businesses in these areas. The NEF currently has substantial presence in townships, rural and peri-urban areas. This is because the NEF believes in taking economic activities and opportunities to where its target market is.

As part of the NEF mandate and strategic objectives, the NEF through the RTCDF is driving black economic empowerment by supporting the growth of rural and township economies in order to help take economic empowerment where the majority of its target market resides. This is in line with the Government's objective to revitalise the rural and township economies.

This is because rural and township-based SMEs are typically outside the value chain reducing them to survivalist rather than viable business ventures. This grassroots revolution has seen the NEF funding black-owned shopping malls, hotels, social housing, student accommodation, procurement, franchises, clothing and footwear manufacturers, among many others, including converting existing spaza shops into mini-supermarkets that can compete with established retailers.

Over R2.1 billion has been invested in the development of community-owned businesses, having supported 18 989 jobs, with the majority of beneficiaries being women.

II. Tourism



The benefits of the tourism sector are usually felt at two levels: national and subnational levels. Primarily, tourism is expected to foster economic growth through the provision of foreign exchange earnings and increase of national revenue, and secondary an improvement in people's wellbeing in the areas of job creation, income distribution and development, economic inclusion and indirectly assisting with land redistribution in South Africa. Tourism is closely related to a number of other economic sectors such as agriculture, construction and retail, and thus its development has the potential to generate positive externalities to the rest of the economy. Tourism development can also promote the productivities of other industries through industrial substitution and integration, and lead to structural and transformational change.

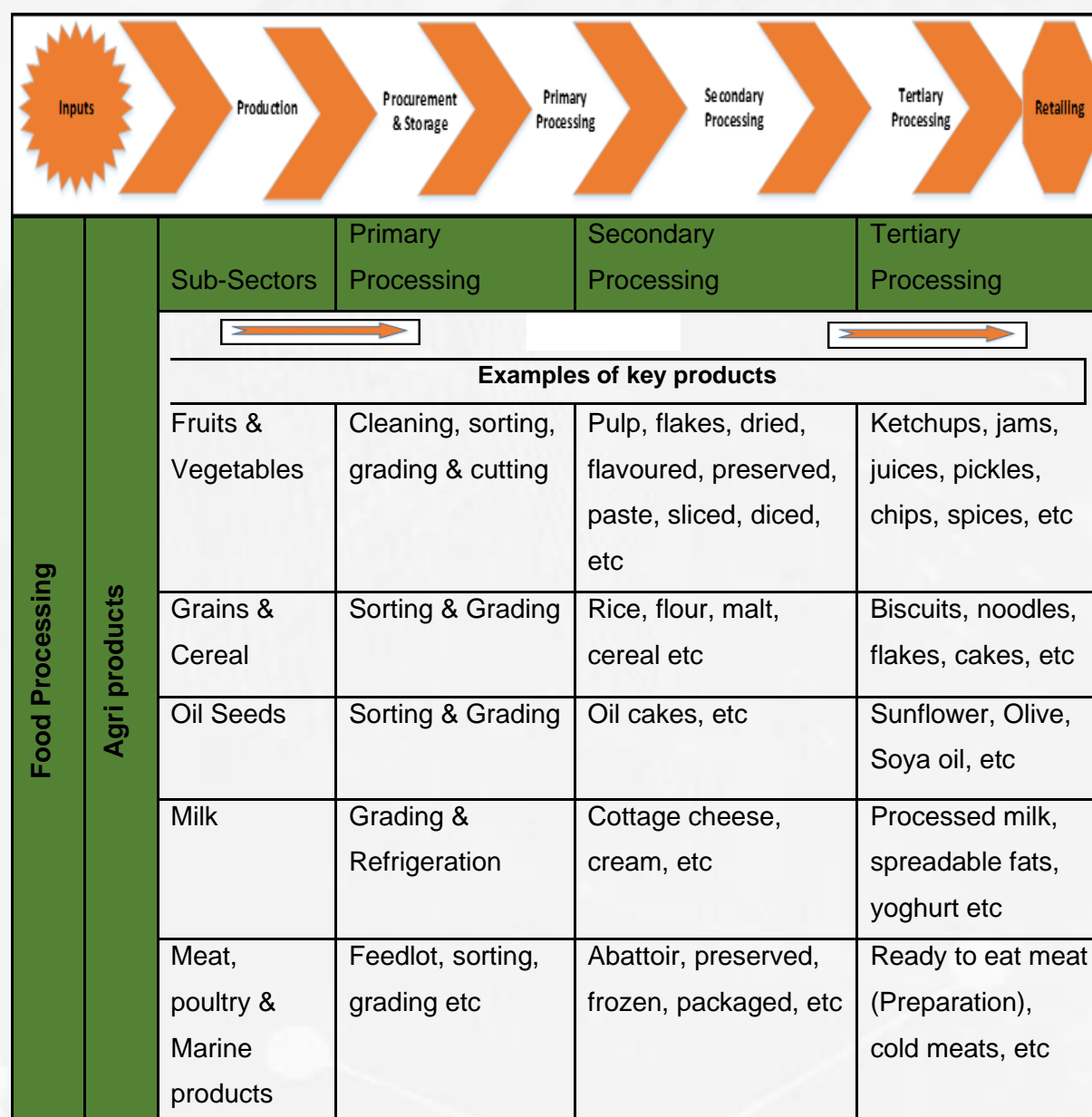
As a result, the NEF has funded various lodges and hotels within the tourism industry throughout the country. The total portfolio disbursed to date is over R200 million yielding over 519 jobs; a significant amount and a clear demonstration of NEF's commitment to focus on priority sectors with the potential to create jobs and uplift the economy. The impact of these

transactions have influenced social and infrastructure development, such as: road, housing, and retail centres in the respective communities.

The NEF and the Department of Tourism (“DT”) entered into an MOU to establish the Tourism Transformation Fund (TTF) that focuses exclusively on the transformation of the South African tourism sector. The DT has contributed a total of R120 million towards the fund, which was transferred to the NEF over a 3-year period from the 2017/2018 to 2019/2020 financial year (R40 million per annum). Through this partnership, the NEF finances the senior debt and shareholder’s loan portion of the transactions while the DT funds are applied as grant funding. The TTF grant component is capped at 50% of the total funding approved by the NEF up to a maximum of R5 million per applicant.

III. Agro-processing

An analysis of the agribusiness value chain provides an indication of areas of funding that are complementary between institutions. Though funding institutions may fund similar sectors, the scale and the level may be completely different. NEF is stronger on the primary & secondary processing, whilst the IDC may be interested in the tertiary processing.



The above agribusiness value chain analysis reflects the areas in which the NEF has played a huge role and invested quite substantially. The transactions in this space are on the borderline of agro-processing and hence there are areas of cooperation with the IDC as they focus on fully-fledged agro-processing. The NEF has always played a role in primary agro-

processing, especially when there are strong forward and backward linkages. A forward linkage is created when investment in a particular project encourages investment in subsequent stages of production. A backward linkage is created when a project encourages investment in facilities that enable the project to succeed. Normally, projects create both forward and backward linkages.

The table below indicates the sub-sectors in the agribusiness value chain funded by the NEF:

Transaction	Sector	Sub-sector	Amount Invested	Target Group	Gender		Linkages
					Male	Female	
Forever mushroom	Agribusiness	Horticulture	R6 229 295	Private entity	12	10	Forward Linkages
Kasidev (Pty) Ltd	Agribusiness	Field Crops Vegetables	R6 415 407	Private entity	12	15	Forward Linkages
Green Terrace	Agribusiness	Field Crops Vegetables	R1 700 000	Private entity	5	11	Forward Linkages
Matumaini Farming (Pty) Ltd	Agribusiness	Livestock Poultry	R9 236 000	Private entity	35	61	Backward and Forward linkages
Lebowagomo Poultry (Pty) Ltd	Agribusiness	Livestock Poultry	R32 166 000	Private entity	355	532	Backward and Forward linkages
Vaphi and Mnomana (Pty) Ltd	Agribusiness	Livestock Poultry	R13 850 000	Private entity	8	13	Backward and Forward linkages
Busani Solutions Group Pty Ltd	Agribusiness	Field Crops Vegetables	R762 358	Private entity	6	6	Forward Linkages
Azowel Projects	Agribusiness	Field Crops Vegetables	R3 500 000	Private entity	11	12	Forward Linkages
Loyisa Consulting and Projects	AgroProcessing	Livestock Dairy	R7 450 000	Private entity	43	42	Backward and Forward linkages
Total Amount			R81 309 060,00		487,00	702,00	

Examples of transactions in the Agro-processing sector:



The Chickery (Pty) Ltd is a 100% black owned and managed enterprise. The business was founded by Mr M Badsha (51%), Mrs I Badsha (44%) and Mrs V Bhikha (5%). The Chickery (Pty) Ltd (The Chickery or the business) was established in 1980 as a retail outlet specializing in fresh and frozen whole poultry, chickens, cornish hens, and roosters, as well as specially cut poultry pieces. It grew from Mrs Badsha's small chicken stall in the English Market in Warwick Avenue, Durban. At the time the chicken distribution industry was dominated by a few national companies, however an opportunity existed for a newcomer who could deliver a product of equal quality but with the marketing advantage of close personal service. Retail

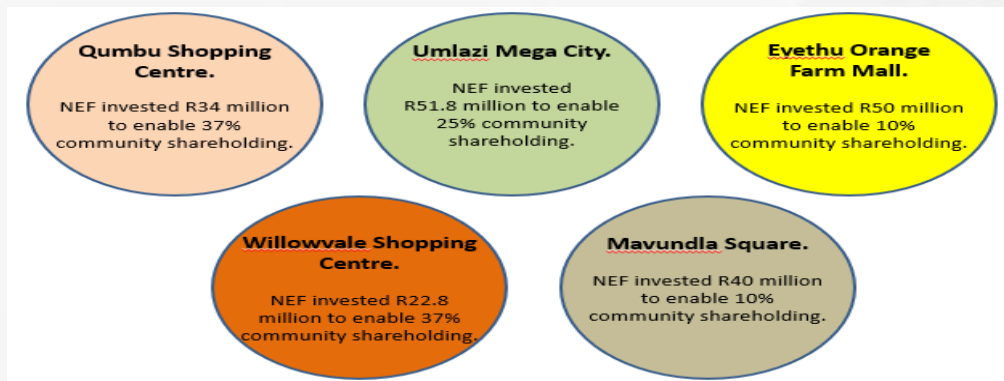
outlets and takeaways were impressed by the service, delivery, and competitiveness which The Chickery offered. It later became evident that there was a need to separate the retail and wholesale operations. The NEF approved funding to the tune of R20.5 million to refurbish a dilapidated structure and working capital. The business has retained 35 permanent jobs.

IV. Real Estate



The Gordon Institute of Business Science undertook research on understanding of the economic environment within rural areas and townships in 2016. The purpose of this study was to understand what research has been done on strategic interventions to revitalise both the rural and township economies, as well as to make recommendations on how to bolster current revitalisation efforts. The literature reviewed has shown a bias towards the retail SME sector within townships at the expense of wholesale and manufacturing, which, along with retail and due to their symbiotic nature, are a necessity in order to have truly thriving rural and township economies. Further, the rural economy needs to be taken cognisance of if the imbalances of the past are to be addressed, and some of the issues currently faced in townships are to be addressed.

The investment in this sector has a lot of spin-offs and has created a number of SMEs in the franchising space. For each shopping centre, there is a huge opportunity of franchising, which the NEF has taken full advantage of. This is one of the most successful investment spaces in the rural and township economy that still has a huge potential to grow. The total NEF retail project investment is valued at R908 million and R224 million has been committed.



The Hill Boutique Hotel – The Hill Boutique Hotel is 100% black woman owned and managed business. The Hotel is a start-up 3 star, 17 room hotel, with two conference facilities (63 people capacity) located in the rural area of Tsolo, Eastern Cape province. The business is involved in the tourism and hospitality sector required a total of R14.5 million from NEF, with R8 million coming from the Women Empowerment Fund and R5 million for Tourism Transformation Fund while the Entrepreneur’s contribution was R2 million. The funds were used for the construction, furniture and fittings, vehicle and working capital. 15 new permanent jobs will be created, with 50 temporary jobs created during construction. The business is a start-up with its projections showing positive results to be a sustainable business that will service the required facility. The funding from NEF will enable the participation of a black woman in the hospitality industry.

Umlazi Mega City – The communities of Umlazi and Lamontville townships in KZN, represented by Sizovuna Investments, acquired a 25% stake in Umlazi Mega City Shopping Centre with NEF funding of R51.8 million. We have since been exited by the Community. Created value of R100 million for the community post-NEF exit. NEF realised an investment return of 11%, approximately R90 million. This genuine B-BBEE deal is delivering substantial social returns to community beneficiaries at large, including job creation and skills development.

Orange Farm – In the peri-urban area of Orange Farm, in Gauteng’s Johannesburg south, the NEF has approved R50 million to support 19% upfront community ownership of a regional shopping centre measuring 39 000m². 46% of the shops will be let to black tenants in a mall

whose commercial viability is based on 80% confirmed leases. Between 20% and 30% of the project value will be spent in the Orange Farm area, and retail store opportunities. The NEF and Pick n Pay Partnership as an instrument that fosters the township economies. Below is a list of transactions concluded with Pick n Pay, as part of the Pick n Pay conversion program:

The NEF and Pick n Pay Partnership as an instrument that fosters the township economies:

Pick 'n Pay Conversion Programme				
Name of Investee	Location	Amount Invested	Jobs Created	Women Shareholding
Something Nice	Cape Town, WC	1 730 000	22	49%
BVN Market Store	Mohlakeng, GP	1 430 000	16	0%
Matlala's Market Store	Thokoza, GP	1 550 000	22	0%
Eden Park Market Store	Edenpark, GP	1 395 000	14	100%
Total		6 105 000	74	

An example of investment in the township economy is the partnership the NEF has established with Pick n Pay in a multi-million project that will change the face of micro-businesses and turn them into viable businesses that compete with established retailers in the townships.

The Pick n Pay Conversion Programme is an innovative initiative, which involves the retail chain investing grant funding of up to R500 000 in the upgrading and refurbishing of Spaza shops, connecting them to Pick n Pay systems (including linking them with the chain retailers' group suppliers at preferential rates for stock), providing initial stock and providing business mentorship. The programme creates a unique townships experience. What makes this programme unique is that all store owners remain 100% independent while they continue being supported through an established Pick n Pay systems and processes. The NEF, Old Mutual (through its Masisizane Fund) and Brimstone are co-funding the programme.

E. Women Empowerment Fund

The purpose of the Women Empowerment Fund established in the financial year 2014/15 is to accelerate the women economic empowerment through the provision of funding to businesses owned by black women. Finance will be provided from R250 000 to R75 million across the whole of the NEF existing product suite described above. A minimum of 51% black

female ownership is a main criterion. Black women have to be operationally involved at the managerial and board levels. Other empowerment dividend pillars have to be considered.

Examples of transactions funded under this Fund include:

Nare Leisure Investment (Pty) Ltd (“Nare” or the “Company”), an investee of the National Empowerment Fund (“NEF”) is requesting expansion funding totalling R32,65 million (Rounded-Off) for the development of a hotel, conference, and health spa facility in Upington, Northern Cape – the “Project” or “Nare Upington”).

Nare is a 100% Black Women-owned company that is engaged in the development, ownership, and management of boutique hotels. The Company also offers conferencing facilities and services. Nare is Wholly owned by Ms. Tsholo Wesi, a black woman entrepreneur with a track record of managing successful businesses.



Picture: Image of the new Nare Upington Development

The expansion capital will be utilised for the acquisition and renovation of an existing property as well as the construction of additional hotel rooms and other structures, furniture, and fittings.

The expansion of the Nare brand to Upington is an integral part of the Sponsor’s vision to create a successful, Black-owned, and local hotel chain in the Northern Cape. The Upington operations will comprise a boutique hotel offering 32 rooms, conferencing facilities, two boardrooms and a health spa. The establishment will also offer other leisure activities such as boat rides and water activities. The funds will support Nare’s expansion plans which involve

the development of another hotel and conferencing facility in Upington. The Project supports the vision of creating a Black woman and locally owned hotel group. Furthermore, at least 60 temporary jobs will be created during construction whilst 29 permanent jobs will be created once the boutique hotel is operational. The is to source labour, for the construction and operational phase, locally. The Sponsor has also assembled a technical team comprising black-owned entities.

Third Party Funding

The NEF has been growing and will continue to make an effort to grow BEE, by partnering with various stakeholders to leverage on funding opportunities to fund NEF investees. The stakeholders are Enterprise Development (ED) funders.

Enterprise and Supplier Development (ESD)

The NEF continuously looks to foster strategic partnerships that unlock third party capital that can be deployed to applicants/investees along with the organisation's own unencumbered capital.



The NEF is currently in partnership with various stakeholders, which are from both the private and public sector, for the purpose of crowding in capital. The following funding partnerships were concluded during the 2022/23 reporting period:

PRIVATE SECTOR CONTRIBUTIONS				
No.	Funder	Actual Funds Received	Primary Objective	Sector
1	Sun City	R75 000	Empower SMEs in Sun City value chain & tourism sector.	Tourism
	Total Private Sector Contributions	R75 000		
PUBLIC SECTOR CONTRIBUTIONS				
No.	Funder	Actual Funds Received	Primary Objective	Sector
4	the dtic/IDC	R100 000 000	Support businesses affected by unstable electricity supply.	All
5	SARS	R12 500 000	Support SMEs through supplier and enterprise development.	All
6	Solidarity Fund	R7 100 000	Support businesses affected by civil unrest in KZN and Gauteng	All
	Total Public Sector Contributions	R119 600 000		
	Total Contributions received	R119 675 000		

The financial year 2022/23 saw the NEF's third-party funds raised collectively valued at just under R119.6 million.

Our partnership with SARS, valued at R12.5 million in monetary terms will provide entrepreneurship training to SMEs over a 24-month period. The NEF will further provide mentorship, access to markets and business turnaround services utilizing its existing

infrastructure and programmes. This will be essential in bridging information and businesses skill knowledge gap in a country which requires an influx of entrepreneurs to stimulate economic growth and development.

NEF in collaboration with **the dtic** established a special fund that will assist businesses with funding to support alternative energy solutions, which is capitalised by **the dtic** to the tune of R100 100m. The Alternative Energy Fund (AEF) is intended to alleviate challenges of loadshedding on businesses to ensure continuation of business during power outages.

The NEF received R120.15 million from various institutions in the current financial year (as at 30 September 2023), R100 million of it was from **the dtic** (for Alternative Energy Fund and the Furniture Fund). As the parent Ministry, **the dtic** remains the main source of funds managed by the NEF, highlighting the challenges of raising third-party funding especially from private sector institutions as majority of them have capacity to manage the disbursements of enterprise and supplier development initiatives. The balance of the funds was sourced from the Transnet Group, and South African Reserve Services (SARS).

FUND CONTRIBUTOR	2020 (R'000)	2021 (R'000)	2022 (R'000)	2023 (R'000)	YTD 2024 (R'000)
Department of Rural Development and Land Reform,	-	-	-		
Western Cape Department of Economic Development, Environment and Tourism	R10 000	-			
DSAC	-	-			
Nissan	-	-			
Department of Tourism	R40 000	-			
Pick N Pay	-	-			
Transnet Port Terminals	R15 000	R250			R20 000
Bakubung Platinum Mine	R3 000	-			
City Of Ekurhuleni Metropolitan Municipality	R33 000	R0			
Limpopo Department of Economic Development, Environment and Tourism	-	R10 000			
SOIC-CDT	-	R9 000			

FUND CONTRIBUTOR	2020 (R'000)	2021 (R'000)	2022 (R'000)	2023 (R'000)	YTD 2024 (R'000)
the dtic Allocations	-	R491 659	R800 000	R100 000	R100 000
Northern Cape Department of Economic Development, Environment and Tourism	-	R30 000			
Department of Transport			R1 135 000		
NC Gov Economic Development & Tourism			R27 225		
Steve Tshwete Municipality			R20 000		
Solidarity Grant Funding			R273 000	R7 100	
Sun City			R2 925	R75	
SARS				R12 500	R150
MCEP					R300 000
TOTAL	R101 000	R540 909	R2 255 150	R119 675	R420 150

The NEF also has partnerships that have been carried over from the prior financial years. Those include, Sun City, which raised R75 million in 2022/23 to empower SMEs in Sun City value chain & tourism sector whilst the Solidarity Fund injected R7.1 million to support the economic recovery efforts in response to the riot which took place in Kwa-Zulu Natal and Gauteng.

The NEF has received a total of R3.1 billion in third party allocations in over the previous five years, a growth of around 6.8% compared to the prior year's cumulative total. Our performance in the first half of the year of R120 million already surpasses the performance of the prior year primarily due to the specialised funding programs of **the dtic (R100 million)**, including the furniture fund and alternative energy fund. This high value of partnerships raised from diverse institutions highlights that there is a form of consensus regarding the need to accelerate transformation in South Africa. It also signifies that over the years the NEF has built a strong reputation in managing enterprise and supplier development support through partnerships with various entities across the public and private sectors.



The NEF continues to explore more ESD funding partnership opportunities to diversify its source of capital and maximisation of Empowerment Dividend. Our commitment and drive towards the empowerment agenda is fuelled by the economic exclusion, high unemployment and poverty that continue to face black people.

6.2.3. Development of Capable State

Maintaining financial sustainability remains one of the key objectives of the NEF. In order to achieve this the NEF has to maintain a delicate balance of achieving its developmental mandate while ensuring that the key financial matrix, for example impairments to book and ROI, remain within their targeted range. In addition, the NEF will continue to evaluate exposures/assets within its balance sheet, which can be more effectively managed so as to reduce volatility in earnings.

In order to maintain financial sustainability, the NEF will focus on the following key areas:

- Reduction of impairments;
- Improved collections; and
- Enhancement of the NEF's ROI and management of the cost-to-income ratio.

A. Impairments

For the financial year 2023/24, the NEF has achieved an impairment to book ratio of 33%, against a target of 25%. The target was not achieved owing to a challenging economic environment characterized by weak growth. Factors such as power cuts and logistical hurdles have further exacerbated the situation.

Short-to-medium term

- Increased focus on high-value approved transactions of transactions valued above R20 million;
- Monthly client management meetings to discuss challenges and solutions;
- Monthly impairments management meetings to discuss movements and high-value impairments;
- Linkage of clients and ensure market access for SME clients through various interventions;
- Revise business model if need be and ensure its successfully implemented;
- Quarterly meetings with TWR and LSU with regards to urgent interventions;
- Revaluation of underlying collateral when clients fall into arrears or are in financial distress; and
- Secure additional collateral wherever possible to balance portfolio.

Long term

- Ensure that clients are managed as per original approved terms and/or revised one;
- Establishment of “Value Add” division – where equity transactions are nurtured and exit strategies are planned;
- Independent directors for investee,
- Exploiting synergies between investees,
- Unlocking value via other stakeholders – **the dtic**, SHRA, Gov’t Depts/SOE’s,
- Procurement aggregation on key business inputs e.g. fuel, construction materials, marketing initiatives, etc;
- Seek technical equity partners for some of the transactions;
- Establish construction incubation partnership with entities awarding contracts in public/private sector, SEDA and CIDB;
- Strengthen strategic relationships with contract issuers – direct alert prior to cancellation of contract, scope and rate changes;
- Proactive diversification of client base to avoid concentration risk;
- Continuous analysis of lessons learnt on successful exits; and
- Reduction of the time taken to collect amounts that are in arrears.

The current NEF impairment model utilises GRAP 104 as a basis.

B. Collection Ratio (short-to-long term)

The NEF intends on achieving a collections ratio of 80% and above over the MTDP period. This collection target is a combination of normal collections (as a result of the natural amortisation of the loan book) and extraordinary collections as a result of the NEF proactively seeking exits/settlements where it is deemed commercially viable to do so. The collection efforts will further be enhanced through the following initiatives:

1. Monthly monitoring of clients during moratorium and/or reduced instalment period;
2. Encourage early settlement for amortised loans;
3. Value enhancement on equity transactions and pursue dividends in equity transactions;
4. Convert patient instruments so that clients can start with repayments; and
5. Employment of a collections/debtors’ clerk to follow up on non-payments/returned debit orders immediately.

C. Return on Investments and Cost to Income

The ROI on the NEF's assets is 7.67% as at 31 March 2024, with the NEF targeting an ROI of 7%. This is owing to increase during the financial year of the prime lending rate resulted in higher collections.

In the short to medium term the NEF intends on maintaining its ROI within the targeted range. This will be maintained as a result of the following initiatives:

- o Maintaining an appropriate risk-adjusted pricing on newly approved loans; and
- o Encouraging the funds to disburse funds earlier in the financial year to enable the NEF to earn interest for a longer period during the year.

The NEF has a targeted cost-to-income ratio range of between 54% and 58%. In the short to medium term this target range is expected to be maintained through management implementing cost-saving measures, which will ensure that, from an operational perspective, the NEF continues to fulfil its mandate while ensuring that the growth in operational costs is maintained at CPI rate.

****Note:** The adjusted ROI excludes concessionary loans funded from **the dtic** allocations which are priced at 2.5% and less.

6.2.4. Structural Reforms

The Human Resources (HR) department plays a critical role in supporting the business strategy, in that HR provides an enabling environment and serves as an enabler of people development and ensures that its processes and procedures sufficiently motivate staff so that they can deliver the required standards and outputs.

The HR department through various interventions, will ensure that employees are actively engaged and contribute to the refinement of its service offering and thus positioning the NEF for success in achieving its mandate. The department does this by:

- Delivering business results through an integrated people-centred strategy, that supports employees by providing training and development opportunities;
- Attracting high-calibre and suitably qualified candidates who are fit for purpose;
- Utilising a pay-for-performance remuneration structure which ensures that key and top talent is retained at the NEF; and

- Ensuring that exceptional performance and potential remains a major yardstick with which performance and ultimately succession planning and talent management is measured, albeit there are other key factors that assist in determining the suitability of the targeted employees.

Underpinned by the NEF's core values, the organisation strives to position itself as an employer of choice. Broadly, the NEF:

- Offers a rich, rewarding and fulfilling career for its employees;
- Embraces diversity in its employees by creating an environment that allows for inclusivity, thereby increasing the levels of employee engagement;
- Offers support and assistance to staff to improve their skills, qualifications and expertise;
- Offers a unique mandate that is appealing to its employees and ensures that they remain engaged all the time;
- Has employees that are young, vibrant and dynamic that go beyond the call of duty for their clients;
- Ensures that the wellbeing of its staff is taken care of and has employee-friendly HR policies; and
- Provides an enabling environment for its employees to thrive in their jobs.

The NEF has, despite operating with limited human capital in the last four years, managed to meet and exceed its annual targets. This situation is, however, unsustainable and has to be speedily remedied as soon as the recapitalisation issues are resolved. This will ensure that the full potential of the organisation is realised as operating processes are already established and tested to allow even higher achievements.

6.2.5. Induced Demand

The NEF is mandated to transform the South African economy. However, the domestic economy has been trapped in the low growth trap and the current administration called on all players to prioritise job creation through industrialization. The NEF is committed to answering the call, championed by **the dtic** by inducing domestic demand through exports and localisation.

The NEF has specialised Funds that address the needs of businesses as demonstrated by the nature of products housed in each of the five funds below. The NEF provides financial

support and also facilitates market access for its beneficiaries. In collaboration with **the dtic** and its agencies focused on exports such as the International Trade Administration Commission (ITAC), and Export Credit Insurance Corporation of South Africa (ECICSA), the NEF intends to accelerate the graduation and building capacities of domestic SMEs particularly, those owned by the marginalised group to tap into the export markets.



Royal Commerce (Pty) Ltd, is a 100% black women-owned business in Cornubia Industrial Park, KwaZulu-Natal Province. The NEF approved R15 million to purchase and install new manufacturing equipment and an Alternative Energy Solution for the company,

NEF funding will ensure an increase its manufacturing capacity, ensure better manufacturing efficiencies, improve the quality of its products and mitigate the negative impact of load-shedding. In addition, the funding will create 30 new jobs and maintain 97 existing jobs.

The company employs 90% of woman from the surrounding townships & rural arrears of KwaMashu, Inanda, Verulam, Phoenix and Ndwedwe who were previously unemployed and dependent on social grants

The company is specialist manufacturer men's shirts, which it sells and distributes to Retailability, Woolworth, Truworths, and The Foschini Group,



Smith Capital Equipment is 100% black owned and majority woman-owned company. The company prides itself as the only South African company that manufactures Aerial Platforms – Superlift brand and Drill Rigs which conform to the SABS and ISO 9001 accreditation standards.

The company provides solutions based on new and innovative technology in the Utilities, Municipality and Mining sectors, as well as by providing committed and reliable after sales service. They are the leaders in platform manufacturing and are the largest supplier of this equipment to SOE's like Eskom, Metros and Municipalities.

The NEF provided Acquisition finance to Smith Capital in 2015, and further Expansion finance in 2017. The NEF to date has funded Smith Capital with R50.1 million, maintaining 300 jobs

Below is a list of transactions that have been funded by the NEF exporting to Sub-Saharan Africa:

Legal name	Permanent Jobs	Major Group	Disbursed	District / Metro	Province	Fund	Women Ownership
Baila Tihantlhagane Industrial Group	93	Plastic Products	R 16 495 959,44	Ekurhuleni Metropolitan Municipality	Gauteng	iMbewu	25%
Global Wheel (Pty) Limited	122	Vehicle Parts, Accessories & Engines	R 60 120 707,06	Sedibeng District Municipality	Gauteng	uMnotho	0%
Mohlalefi Engineering (PTY) Ltd	59	Structural Metal, Tanks, Reservoirs and Steam Generators	R 48 684 750,04	City of Johannesburg Metropolitan Municipality	Gauteng	SPF	0%
Parker Family Foods CC	185	Other Food Manufacturing	R 23 373 209,66	City of Cape Town Metropolitan Municipality	Western Cape	iMbewu	0%
Royal Commerce Trading (Pty) Ltd	131	Clothing Manufacture (Except Fur)	R 12 007 880,75	eThekweni Metropolitan Municipality	KwaZulu-Natal	RTCDF	100%
Shanike Investments No225 (Pty) Ltd	149	Machinery	R 32 376 114,00	Ekurhuleni Metropolitan Municipality	Gauteng	uMnotho	39%
Smith Capital Equipment (Pty) Ltd	54	Machinery	R6 273 071,75	Ekurhuleni Metropolitan Municipality	Gauteng	uMnotho	0%
Stevenson Paints (Pty) Ltd	83	Basic Chemicals	R9 914 300,00	City of Johannesburg Metropolitan Municipality	Gauteng	uMnotho	0%
Western Breez Trading (Pty) Ltd	795	Production, Processing and Preservation of Fish, Fruit, Vegetable and Animal Oils	R 28 552 384,00	Amajuba District Municipality	KwaZulu-Natal	RTCDF	60%
Xstinct Trading CC	26	Fish Hatcheries and Fish Farms	R2 437 014,92	Namakwa District Municipality	Northern Cape	RTCDF	0%

6.2.6. Catalytic Sectors

The NEF remains committed to driving inclusive economic growth by supporting South Africa's catalytic sectors. These sectors, identified for their potential to stimulate substantial economic activity, job creation, and innovation, include Agriculture, Manufacturing, Tourism, Digital Services, and Renewable Energy. By prioritizing investments in these industries, the NEF seeks to address key national priorities and contribute to the sustainable transformation of the South African economy.

The following section highlights case studies of investees who have benefited from the NEF's strategic disbursements, demonstrating the tangible impact and long-term value of investments in these critical sectors.



Invomvo Country Lodge (Pty) Ltd is a 100% black owned (with 55% black women) tourism establishment in Ntabankulu, Eastern Cape. Invomvo boasts magnificent mountain and valley views, together with comfortable accommodation, conferencing, and event facilities. Built on the background of a rocky mountainous hill, the Lodge is situated less than 2km from the N2 national road along the path to Ntabankulu town. This N2 route is the only one that connects travel from Durban, all the way to Port Elizabeth. The Lodge is also centrally located within the Alfred Nzo District Municipality making it an ideal midpoint meeting location for clientele based within the district and those travelling to the district.

The business was established in 2014. It kicked off with merely 8 lodging rooms (rondavels) at the time and a small boardroom. It has now expanded to 34 rooms, 1 large event hall (which can accommodate 350 people) and 4 smaller conference / event venues. The startup and

expansion costs of Invomvo have amounted to R10.14 million, of which R3.84 million was own contribution by the founders and R6.3 million was from internally generated cash flows. The NEF will invest directly in Invomvo Country Lodge (Pty) Ltd, a total of R12 million, made up of Alternative Energy Fund Facility of R1.8 million and Tourism Transformation Fund (TTF) grant of R5 million. The funding will be used for construction, property renovations, furniture, equipment, decoration and working capital. The expansion will result in the maintenance of 24 jobs and creation of 6 more jobs.

Below is a list of other transactions that have been funded by the NEF through the TTF Programme:

No.	Company Name	Nature of Business	Province	Location	TTF Approved Portion	NEF Approved Portion	Total Approved Amount	Women Ownership (%)	Total Jobs
1	Tala Game Reserve	Game Reserve	KZN	Pietermaritzburg	R5,0 m	R8,63 m	R13,62 m	50%	54
2	Graskop	Lift company	MP	White River	R5,0 m	R38,4 m	R43,4 m	50%	81
3	Golden Valley Lodge	Game Lodge	GP	Magaliesburg	R5,0 m	R8,2 m	R13,2 m	60%	22
4	Royal Thonga Safari Lodge	Safari Lodge	KZN	Maputaland, Tembe	R5,0 m	R7,71 m	R12,71 m	0%	47
5	South Hill Trading (Pty) Ltd	Boutique hotel in Upington	NC	Kimberly	R5,0 m	R10,0 m	R15,0 m	100%	49
6	African People Movers Charters (Pty) Ltd	Tour bus operations	GP	Pretoria	R1,8 m	R4,2 m	R6,0 m	0%	244
7	Hayani Guest House	Guest House based in Polokwane	LP	Polokwane	R3,69 m	R3,72 m	R7,41 m	70%	31
8	Miami Lodges	Accommodation	LP	Polokwane	R1,85 m	R4,33 m	R6,18 m	0%	55
9	Nare Leisure Investment	Boutique Hotel	NC	Kimberly	R5,0 m	R6,77 m	R11,77 m	100%	75
10	Thaba Summerhill Resort	Lodge located in Kgapan Limpopo	LP	Kgapane	R5,0 m	R10,5 m	R15,5 m	0%	90
11	Limakatso Entertainment Centre CC	4-Star graded Boutique Hotel	EC	Aliwal North	R2,72 m	R5,44 m	R8,16 m	50%	46
12	St Eve (Pty) Ltd	Guest House	FS	Bloemfontein	R3,04 m	R3,04 m	R6,09 m	100%	9
13	ZAD HIRING PTY(LTD)	Services	EC	Gonubie	R5,0 m	R6,49 m	R11,49 m	100%	40
14	The Hill Boutique Hotel (Pty) Ltd	Boutique Hotel	EC	Tsolo	R5,0 m	R9,51 m	R14,51 m	100%	22
15	De Ponte Boutique Hotel	Boutique Hotel	FS	Welkom	R5,0 m	R14,87 m	R19,87 m	80%	17
16	Rensia Lodge	Lodge	LP	Venda -Thohoyandou	R3,15 m	R3,15 m	R6,29 m	100%	68
17	Imvomvo Lodge	Lodge	EC	Ntabankulu	R5,0 m	R7,08 m	R12,08 m	55%	34
18	Madalo TreeHouse (Pty) Ltd	Accommodation	LP	Singwezi Camp (Kruger National Park)	R5,0 m	R10,0 m	R15,0 m	0%	70
19	New National Lodge and Conference (Pty) Ltd	Hotel Accommodation	WC	Parow, Capetown	R1,49 m	R2,05 m	R3,55 m	0%	15
TOTAL:					R77,74 m	R164,08 m	R241,82 m		1069

The NEF intends to continue bolstering its partnership with the DT in order to grow the participation of black businesses within the tourism sector. Both the NEF and DT continue to promote the TTF programme and source commercially viable transactions. With the continued support of businesses within the tourism sector, the NEF will not only contribute in growing this sector but will assist in growing other sectors that benefit from the tourism sector.



The **Mohlalefi Engineering (Pty) Ltd** story started in 2019, when R15 million was approved by the NEF to cover costs for a Bankable Feasibility Study towards the establishment of a manufacturing facility for Anchorflex and Shotcrete products that are used in the mining industry. The funding was sought to assess the viability of the establishment of South Africa's first wholly black-owned, mining support systems and accessories manufacturing facility utilising a pilot. Since its inception the Mohlalefi pilot has proved beyond a doubt the economic viability of the entity by successfully achieving and exceeding all targets of the BFS.



The project has passed financial close and now has entered the phase of construction and operation of a commercial scale plant. The full investment required was R 117 million, in 2023 the NEF approved a further R35.7 million towards the financial close requirement with the remaining R81.3 million being funded by the Industrial Development Corporation (IDC) and **the dtic** Black Industrialist Scheme (BIS). Once fully operational Mohlalefi will provide 70 jobs today and unlock more than 400 jobs by 2027.



Martin Masitise has proven himself to be an exemplary entrepreneur leading Mohlalefi Engineering to be recognized at the Inaugural Presidential Black Industrialist and Exporters Awards in 2022, where he won the Job creation award and was also a finalist for the Best Black Industrialist Manufacturer award. This was in recognition of its efforts in becoming a world-class manufacturer, a leading innovator of products and manufacturing technology as well as a contributor to the export market. The Managing Director Martin Masitise was also elected to be a member of the Black Exporters Network, which was launched, by President

Cyril Ramaphosa and former **the dtic** Minister, Mr Ebrahim Patel. This Ministerial network of Industrialists seeks to promote the export of South African manufactured goods.



7.NEF SITUATIONAL ANALYSIS

7.1. External factors

According to the International Monetary Fund (IMF), global growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. The rise in central bank policy rates to fight inflation continues to weigh on economic activity, especially in advanced economies. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. In most economies, the priority remains achieving sustained disinflation while ensuring financial stability. Therefore, central banks should remain focused on restoring price stability and strengthen financial supervision and risk monitoring. Improvements to the supply side of the economy would facilitate fiscal consolidation and a smoother decline of inflation toward target levels.

The recent resolution of the US debt ceiling standoff and, earlier this year, strong action by authorities to contain turbulence in US and Swiss banking reduced the immediate risks of financial sector turmoil. This moderated adverse risks to the outlook. However, the balance of risks to global growth remains tilted to the downside. Inflation could remain high and even rise if further shocks occur, including those from an intensification of the war in Ukraine and extreme weather-related events, triggering more restrictive monetary policy. In emerging and advanced economies, China's recovery could slow, in part because of unresolved real estate problems, with negative cross-border spillovers. On the upside, inflation could fall faster than expected, reducing the need for tight monetary policy, and domestic demand could again prove more resilient. In sub-Saharan Africa, growth is projected to decline to 3.5 percent in 2023 before picking up to 4.1 percent in 2024. Growth in Nigeria in 2023 and 2024 is projected to gradually decline, in line with April projections, reflecting security issues in the oil sector. In South Africa, growth is expected to decline to 0.3 percent in 2023, with the decline reflecting power shortages, although the forecast has been revised upward by 0.2 percentage point since the April 2023 WEO, on account of resilience in services activity in the first quarter.

South Africa's real gross domestic product (GDP) expanded slightly to 0.6% in the second quarter of 2023 from 0.4% in the prior quarter. Growth has been resilient this year despite the persistent structural challenges particularly in energy supply and logistics. The agriculture industry posted a significant quarter-on-quarter growth from a decrease of 11.9% in the first quarter to 4.2% in the second quarter of 2023. This growth could be attributed to improvement in economic activities especially for field crops and horticulture products. The other sectors that performed well included Manufacturing and Mining with growth of 2.2% and 1.3% respectively. Growth in the Manufacturing sector was mainly driven by the division such as Petroleum, Chemical Products, Rubber and Plastic Products as well as the Basic Iron and Steel, Non-Ferrous Metal Products, Metal Products and Machinery division after reporting increased economic activities. On the other hand, the Transport, Construction, and Trade Industries reported decreases.

The expenditure on GDP was supported by gross fixed capital formation which increased by 3.1% which is a good indicator of companies' willingness to invest in the domestic economy especially through purchases of machinery and equipment. Government final consumption expenditure also increased by 1.7%, contributing 0.3 of a percentage point – this was driven by increases in the purchases of goods, services, and compensation of government employees. On the downside, household final consumption expenditure decreased by 0.3% in the second quarter of 2023, contributing -0.2 of a percentage point to total growth – this reflects the pressure that households have been facing arising from high inflation and interest

rates. The South African Reserve Bank (SARB) revised growth projection for 2023 upward to 0.7% as major supply and demand indicators are improving.

The number of employed persons in South Africa increased by 154 000 to 16.3 million in the second quarter of 2023 while the total population is estimated at 60.6 million people. The number of unemployed persons decreased by 11 000 to 7.9 million compared to the first quarter of 2023. The decrease in unemployment from 32.9% in the first quarter to 32.6% in the second quarter of 2023 could be explained by a number of persons which moved from the "not economically active" and "unemployed" statuses to the "employed" category. The largest increase in employment was recorded in Construction; Trade Industry; and Community and Social Services at 104 000; 92 000 and 63 000 respectively.

The problem of unemployment and poverty especially amongst black people is being exacerbated by low level of participation in the mainstream of the economy. This group is often confronted with enormous barriers to enter most sectors of the economy, at the centre is capital requirements to start a business. The last decade has seen a shift in the strategy of big businesses, entering townships and rural areas – marking the end of hope for most black entrepreneurs. The government needs to regulate and channel more financial resource to stimulate economic participation of black people through SMEs in the township and rural economies. These areas barely produce any goods or services, people are consumers. The government should instill hope by acting with urgency to change the socio-economic status of black people.

7.2. Internal factors

The past two years have been taxing for businesses, government and households, the NEF was not an exception. As a thought leader in the empowerment space, the NEF rose above the prevailing challenging conditions as evidenced by the outstanding performance delivered. At the center of excellent performance, are NEF employees under the leadership of the Board of Trustees and the Executive Committee. The leadership in partnership with the shareholder and other key stakeholders introduced specialized Funds to resuscitate businesses affected by covid-19 and routs. This speaks volume of the human resources capabilities of the NEF as an enabler to deliver outcomes in short period of time.

The NEF Board and Exco are fully capacitated and operational. The Board is responsible for providing strategic direction and overseeing the management of the Trust and performance of the Executives with the assistance of various committees. These include audit committee, risk

and portfolio monitoring committee, board investment committee, social and ethics committee and human and capital retention committee. In undertaking its day-to-day activities, the NEF depend heavily on employees, Information Systems Technology and fund management investment policy and a standardised rigorous review processes of applications to fund black businesses that are commercially sustainable and able to increase the empowerment dividend. Financial resources ranks as the top enabler for the Trust to deliver on its mandate of promoting and facilitating ownership of income generating assets by previously disadvantaged people.

7.3. Analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT)

A brief summary of the NEF's strengths, weaknesses, opportunities and threats are listed below:

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> • Innovative and solutions-based products. • Institutional and operational maturity. • High standards of corporate governance. • Offices across all provinces to execute mandate nationally. • Rigorous accounting and sound financial management systems. • Strong internal control systems and processes. • High performance-orientated organisational culture. • Technically strong and committed staff. • Proven track record in BEE funding. • Established portfolio with lessons learnt. • Improving return on investments. • Thought leader in B-BBEE. • Low cost of funding or credit. 	<ul style="list-style-type: none"> • Rising demand for national economic transformation. • Ability to contribute even more towards job support and creation. • High number of township and rural capable entrepreneurs need capital. • Contribute to closing the gaps in the economic value chain. • Priority sectors need financial support. • Expansion into other parts of Africa. • Scope to increase NEF footprint and visibility. • There are third parties requiring partners to execute their enterprise development programmes. • There are growing economies and sectors (township and rural economy, renewable energy, tourism, agro processing, automotives, metals, chemicals, infrastructure and human

	settlement, clothing, textile, leather and footwear). <ul style="list-style-type: none"> Amendment to Schedule 2 of the status of NEF in terms of PFMA to allow for borrowing.
WEAKNESSES <ul style="list-style-type: none"> Insufficient staff capacity that may require rebuilding. Low approval rate on number of applications. Need to improve information systems. Lack of financial resources. High impairment rate. Need to improve collection rate. 	THREATS <ul style="list-style-type: none"> Sluggish economic growth. Lack of recapitalisation. Geopolitical conflict. High inflation. Lower consumer and investor confidence. Rising cost of funding investees. Growing population. Rising unemployment. High debt level. Poor quality of applications. Infrastructure – high frequency loadshedding and aging rail network.

7.4. Analysis of Political, Economic, Social, Technological, Environmental, and Legal (PESTEL) Risks

STRATEGIC ISSUES	PROPOSED NEF'S RESPONSE
Political Factors	
<ul style="list-style-type: none"> Changes in the Executive Authority and/or change that may arise as a result of the pending elections, often results to changes in the way of working. Negative perception towards black economic empowerment policies. 	<ul style="list-style-type: none"> The Mandate is legislated and thus the NEF Act 105 of 1998 thus continues to guide the organization. The NEF will continue to implement the mandate with a high level of transparency

<ul style="list-style-type: none"> Government institutions perceived as corrupt. 	<p>and comply consistently with good corporate governance guidelines, maintaining its immaculate track record.</p> <ul style="list-style-type: none"> The NEF will continue upholding the high-level good governance and good control environment which have led to the 19 years of clean external audit opinion.
Economic Factors	
<ul style="list-style-type: none"> Global and domestic growth is projected to slow down in 2023 to 3.0% and 0.7% respectively. Proposed cuts in government spending, loadshedding, high inflation, and interest rates present a downside risk to the domestic economy. The NEF requires recapitalization. 	<ul style="list-style-type: none"> The NEF will prioritize investment in priority sectors with growth potential and crowd-in private capital to stimulate overall economic activities. The NEF will monitor closely investees' performance and identify those greatly affected by weak consumer demand and high cost of operating their businesses to explore measures to support these investees. The NEF has established the Alternative Energy Fund to ensure business continuity during loadshedding. The leadership of the NEF will continue engaging the dtic and National Treasury to allocate funding from fiscus or granting of borrowing right. In the interim, the NEF will continue to raise funding for black entrepreneurs through partnerships.
Social Factors	
<ul style="list-style-type: none"> Rising population growth is estimated at 60.6 million. 	<ul style="list-style-type: none"> The rise in population growth increases the market and continues to support investees

<ul style="list-style-type: none"> • The unemployment rate is high at 32.6%, especially amongst youth. • Limited access to basic goods and services resulting in social instability and violent strikes. • Alternative media options offer access to information through social media. 	<p>that will service the growing demand for various goods and services.</p> <ul style="list-style-type: none"> • The NEF will prioritise investments in businesses that create more jobs per rand investment to support the government's call for mass job creation. Internally, the NEF will continue to create jobs through the internship program. • The current social dissatisfaction, especially due to inadequate service delivery and loadshedding, may lead to damage to properties and those of NEF investees. The NEF will continue providing access to finance to boost manufacturing of goods locally and provision of services such as alternative energy source in the form of solar panels and accompanying batteries. • The NEF will continue to utilize online platforms to communicate and engage South Africans especially regarding the available funding opportunities.
Technological Factors	
<ul style="list-style-type: none"> • Technological advancement made it possible for meetings to be held online. • Information systems technology enables the automation of work throughout the organization. • Rise in cyber security threats which may results in loss of data and finances. 	<ul style="list-style-type: none"> • The NEF will continue exploring these technological tools to improve efficiency in rendering our service. For example, the employees continue to work through a hybrid structure remotely. • The NEF is currently embarking on a journey to move to a paperless working environment and intends to automate most of the tasks that needs to be done manually. This is vital in improving efficiency.

	<ul style="list-style-type: none"> The NEF will continue to invest in systems that secure data throughout the organization.
Environmental Factors	
<ul style="list-style-type: none"> Frequent extreme weather conditions resulting in damage to crops and animals. Increases in environmentally friendly practices. Rise in water scarcity likely to disrupt operation of some businesses. 	<ul style="list-style-type: none"> The NEF will continue supporting investees affected by extreme weather conditions. The NEF is fully engaged in the global warming discourse and has endeavoured to support applicants operating in the green economy to reduce carbon print of the country. The NEF promotes the adherence and preservation of environment by strictly supporting business activities that are environmentally friendly. The environmental risk assessment forms part of due diligence before an application is supported. The NEF encourages investees to use water sparingly and seeks to explore measures that ensure uninterrupted business operation. Applications with potential high-water usage are required to be supported by water use licenses as a condition for disbursement.
Legal Factors	
<ul style="list-style-type: none"> The NEF is mandated to empower black people in the spirit of BBBEE policy which is often challenged. Practices of fronting – businesses that appear to be legally owned by black people. 	<ul style="list-style-type: none"> The NEF will continue to support businesses owned and managed by black people as per the NEF Act which legally allows the focus on black people. The NEF will continue to look beyond ownership and consider the level of

	involvement of owners in the operation of business.
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Part C:

Programme Performance

Strategic Objective: Investment Stimulus

8.PROGRAMME PERFORMANCE

The NEF implements its mandate through the following programmes:

Programme 1: uMnotho Fund

Programme 2: strategic Projects Fund

Programme 3: iMbewu Fund

Programme 4: Rural, Township and Community Development Fund

Programme 5: Women Empowerment Fund

Programme 6: Skills Development

8.1 Programme 1: uMnotho Fund

Purpose of the programme

This Fund is designed to improve access to BEE capital and has six products: Acquisition Finance, New Ventures Finance, Expansion Finance, Capital Markets Fund, Liquidity and Warehousing, and Property. These products provide capital to black-owned and-managed enterprises, black entrepreneurs who are buying equity shares in established white-owned enterprises, new ventures finance and BEE businesses that are or wish to be listed on the JSE. Funding ranges from R2 million to R75 million. The Fund pricing is to achieve returns that are in line with the level of risk taken by the NEF.



Description of the programme

Details of the six products provided by uMnotho Fund are provided below:

	Acquisition Finance	New Venture Finance	Expansion Capital	Capital Markets	Liquidity & Warehousing	Property Fund
Investment threshold	R2 million to R75million	R5 million to R75 million	R5 million to R75 million	R2 million to R75 million	R2 million to R75 million	R5 million to R75 million
Product purpose	BEE applicants seeking to fund equity purchases of between R2 million and R75 million in existing businesses.	BEE parties seeking to participate in medium-sized Greenfields projects with total funding requests of between R10 million and R200 million.	Funding provided to entities that are already black-empowered but seek expansion capital to grow the business.	This product invests in BEE enterprises, particularly those owned by black women that seek to list on the JSE or its junior AltX market. The uMnotho Fund will also help listed BEE companies to raise additional capital for expansion.	This product assists BEE shareholders who need to sell a portion or all of their shares (as minority stakes in unlisted firms are hard to sell). Also acquires and temporarily warehouses these shares before on-selling those to new BEE	This product seeks to cater for BEE groups seeking to buy equity in existing property businesses; develop new property ventures; and to provide expansion finance to entities that are already empowered.

	Acquisition Finance	New Venture Finance	Expansion Capital	Capital Markets	Liquidity & Warehousing	Property Fund
					shareholders, and refinances BEE shareholdings where existing financing structures are costly and/or inefficient.	
	<ul style="list-style-type: none"> • Medium to large companies 	<ul style="list-style-type: none"> • Medium-sized greenfield projects with total funding 	<ul style="list-style-type: none"> • Active BEE involvement in investee companies 	<ul style="list-style-type: none"> • Medium to large companies 	<ul style="list-style-type: none"> • Medium to large companies 	<ul style="list-style-type: none"> • Medium to large companies • Alignment with priority sectors

	Acquisition Finance	New Venture Finance	Expansion Capital	Capital Markets	Liquidity & Warehousing	Property Fund
	<ul style="list-style-type: none"> Focus on partnerships with existing management teams and other equity investors Active BEE involvement in investee companies BEE financial contribution on a case-by-case basis 	<ul style="list-style-type: none"> requests of between R10 million and R200 million. BEE-specific financial contribution assessed on a case-by-case basis NEF exposure to the product generally not to exceed 50% of the total project costs Proven management experience within the consortium 		<ul style="list-style-type: none"> Focus on partnerships with existing management teams and other equity investors Active BEE management participation Active BEE involvement in investee companies BEE financial contribution on a case-by-case basis 	<ul style="list-style-type: none"> Focus on partnerships with existing management teams and other equity investors Active BEE management participation Active BEE involvement in investee companies BEE financial contribution on a case-by-case basis 	<ul style="list-style-type: none"> Active BEE involvement in investee companies BEE financial contribution on a case-by-case basis

	Acquisition Finance	New Venture Finance	Expansion Capital	Capital Markets	Liquidity & Warehousing	Property Fund
		Active BEE involvement in investee companies				
Types of instruments	Investment instrument can include a combination of debt, equity and mezzanine finance.	Investment instrument can include a combination of debt, equity and mezzanine finance.	Investment instrument can include a combination of debt, equity and mezzanine finance.	Investment instrument can include a combination of debt, equity and mezzanine finance.	Investment instrument can include a combination of debt, equity and mezzanine finance.	Investment instrument can include a combination of debt, equity and mezzanine finance.
Black equity threshold	Minimum of 25.1%	Minimum of 25.1%	Minimum of 50.1%	Minimum of 25.1%	Minimum of 25.1%	Minimum of 50.1%
Pricing	Influenced by Empowerment Dividend or Development Impact. Debt linked to prime rate and equity based on target IRR					

	Acquisition Finance	New Venture Finance	Expansion Capital	Capital Markets	Liquidity & Warehousing	Property Fund
Terms of Investment and other terms	Typical investment horizon of 4 to 7 years	Typical investment horizon of 5 to 10 years.	Typical investment horizon of 4 to 7 years	Typical investment horizon of 4 to 7 years	Typical investment horizon of 4 to 7 years	Typical investment horizon of up to 10 years on senior debt and up to 15 years on mezzanine debt and equity instruments

Performance indicators and performance targets per programme:

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance (including WEF)	Medium Term Targets		
			2020/21	2021/22	2022/23		2024/25	2025/26	2026/27
Investment Stimulus		Value of Disbursements by uMnotho Fund	R153m	R422m	R352m	R363m	R645m	R4730m	R8600m

*Targets are subject to the availability of the transformation fund

Quarterly milestones:

Outcome	Output	Output indicator	Baseline 2023/24	2024/25 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Investment Stimulus		Value of Disbursements by uMnotho Fund	R363m	R645m	R194m	R387m	R516m	R645

*Targets are subject to the availability of the transformation fund

Financial Plan (Expenditure estimates for Programme 1: uMnotho Fund)

Due to the way the NEF manages its business, most administrative and capital expenses are centralised. The NEF's organisational income statement in Annexure A, provides the split of expenses.

8.2 Programme 2: Strategic Projects Fund

Purpose of the programme

The Strategic Projects Fund will facilitate the acquisition of equity in large strategic projects where the NEF assumes the role of BEE partner.

Description of the programme

The fund aims to play a central role in early-stage projects by identifying, initiating, scoping and developing projects that are in sectors identified by government as the key drivers to South Africa's economic growth. These projects will be taken through 6-stages of the project development phases.

The phases being the following:

Scoping and Concept Study; Pre-Feasibility Study; Bankable Feasibility Study; Financial Closure; Construction Phase and Technical Completion.

Through the Strategic Projects Fund, NEF will facilitate B-BBEE in the following ways:

- Warehouse equity for B-BBEE in early-stage projects at valuations with little or no premium paid to access the projects. This enables NEF to distribute its warehoused equity to B-BBEE at lower valuations once the project is operational;
- Take early-stage risk on behalf of black people as early stage projects have higher execution risks compared to operational companies. The NEF will assume most of the financing risk and devise instruments to carry or transfer equity to B-BBEE once project fatal flaws have been mitigated;
- Manage the project and venture capital finance structuring complexities as it is more complex and difficult to raise capital for new ventures as compared to uMnotho finance deals where valuations can be ascertained based on historical performance and risks are clearly understood;
- Enable project promoters to focus on making projects bankable and operational by giving the B-BBEE status as NEF is the only DFI gazetted as a B-BBEE facilitator; and

- Once the initial project risks have been reduced, the NEF will transfer its shareholding to selected B-BBEE groups through a transparent process.

Performance indicators and performance targets per programme:

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance (including WEF)	MTDP Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Investment Stimulus		Value of Disbursements by Strategic Project Fund	R44m	R38m	R55m	R92.8m	R180m	R1320m	R2400m

*Targets are subject to the availability of the transformation fund

Quarterly milestones:

Outcome	Output	Output indicator	Baseline 2023/24 Performance	2024/25 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Investment Stimulus		Value of Disbursements by Strategic Projects Fund	R92.8m	R180m	R54m	R108m	R144m	R180m

*Targets are subject to the availability of the transformation fund

Financial Plan (Expenditure estimates for Programme 2: Strategic Projects Fund)

Due to the way the NEF manages its business, most administrative and capital expenses are centralised. The NEF's organisational income statement in Annexure A, provides the split of expenses.

8.3 Programme 3: iMbewu Fund

Purpose of the programme

The iMbewu Fund seeks to address market failures experienced by black-owned SME's. The fund has three products, namely, Franchise, Contract and Entrepreneurship products. An overview of the products is outlined below.

Description of the programme

	Franchise	Contract/procurement	Entrepreneurship
Description	For securing franchise licenses	For SMEs that have secured contracts, orders or short-term bridging finance	To provide capital to SMEs that seek to provide product or service to a specific niche market
Instruments	<ul style="list-style-type: none"> • Term Loan 	<ul style="list-style-type: none"> • Term Loan • Bridging Loan • Revolving Credit • Debtor Finance • Reverse Factoring 	<ul style="list-style-type: none"> • Structured loans • Equity instruments

	Franchise	Contract/procurement	Entrepreneurship
		<ul style="list-style-type: none"> • Suspensive Sale • Leasing 	
Amount	<ul style="list-style-type: none"> • R250k – R10m 	<ul style="list-style-type: none"> • R250k – R15m 	<ul style="list-style-type: none"> • R250k to R10m (for start-up and expansion) • R1m to R10m (for acquisition capital)
Investment period	<ul style="list-style-type: none"> • Up to five years but can go up to 7 years in some instances 	<ul style="list-style-type: none"> • Matched to the duration of the contract 	<ul style="list-style-type: none"> • Up to 7 years
Criteria	<ul style="list-style-type: none"> • Client must have been approved by the franchisor • NEF will only do business with credible franchisors with strong track record • Site must have been identified • Operational involvement 	<ul style="list-style-type: none"> • There must be a viable contract or order • The contract must be awarded by a credible entity with strong track record • Operational involvement 	<ul style="list-style-type: none"> • Commercial viability • Secured markets • Clear value proposition • NEF will not support acquisition of businesses that are making losses • Operational involvement
Pricing	<ul style="list-style-type: none"> • Prime linked 	<ul style="list-style-type: none"> • Prime linked 	<ul style="list-style-type: none"> • Prime linked

Performance indicators and performance targets per programme:

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance (including WEF)	Medium Term Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Investments Stimulus		Value of Disbursements by iMbewu Fund	R118m	R188m	R283m	R325m	R480m	R3520m	R6400m

*Targets are subject to the availability of the transformation fund

Quarterly milestones:

Outcome	Output	Output indicator	Baseline 2023/24 Performance	2024/25 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Investment Stimulus		Value of Disbursements by iMbewu Fund	R325m	R480m	R144m	R288m	R384m	R480m

*Targets are subject to the availability of the transformation fund

Financial Plan (Expenditure estimates for Programme 3: iMbewu Fund)

Due to the way the NEF manages its business, most administrative and capital expenses are centralised. The NEF's organisational income statement in Annexure A, provides the split of expenses.

8.4 Programme 4: Rural, Township & Community Development Fund

Purpose of the programme

The Rural, Township and Community Development Fund (RTCDF) facilitates community involvement in projects by supporting the B-BBEE Act objectives of empowering local and rural communities. In accordance with the B-BBEE Act, it aims to increase the extent to which workers, cooperatives and other collective enterprises own and manage business enterprises.

Description of the programme

	Acquisition	New Venture Capital	Expansion Capital
Investment threshold	R1m to R50m	R1m to R50m	R1m to R50m
Trigger for RTCDF participation	Co-operatives, community groupings arranged as Trust or any legal entity, and workers' trust.	Co-operatives, community groupings arranged as Trust or any legal entity, and workers' trust.	Co-operatives, community groupings arranged as Trust or any legal entity, and workers' trust.
Principal goal	To cater for rural entrepreneurs or communities seeking to buy equity in existing rural and community enterprises.	To assist rural entrepreneurs and co-operatives and communities with equity contribution towards establishment of sustainable new ventures in Agri-sector.	To facilitate involvement and ownership by communities in projects promoting social upliftment.

Types of companies/projects	Focus on small to large ventures where partnerships between NEF, BEE parties or community entity, and technical partner is involved.	Medium sized new venture projects with total funding requirements of between R1m and R50m	Rural and community projects using entities such as cooperatives and private companies.
Types of instruments	Debt, equity, quasi equity and preference shares.	Debt, equity, quasi equity and preference shares.	Debt, equity, quasi equity and preference shares.
Black equity threshold	Minimum of 50.1%		
Pricing	Prime (+/-) Empowerment Dividend or Development Impact Influenced		
Terms of Investment and other terms	<ul style="list-style-type: none"> • 5 to 10 years • Clear exit Strategy 	<ul style="list-style-type: none"> • Up to 10 years • Total project equity $\geq 40\%$ • NEF Exposure $\leq 50\%$ of project costs 	Up to 10 years

Performance indicators and performance targets per programme:

Outcome	Output	Output indicator	Audited Actual Performance			Estimated Performance (Including WEF)	Medium Term Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Investment Stimulus		Value of Disbursements by Rural, Township and Community Development Fund	R20m	R46m	R291m	R56.7m	R195m	R1430m	R2600m

*Targets are subject to the availability of the transformation fund

Quarterly milestones:

Outcome	Output	Output indicator	Baseline 2023/24 Performance	2024/25 Annual Target	Cumulative Quarterly Milestones			
					1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Investment Stimulus		Value of Disbursements by Rural, Township and Community Development Fund	R56.7m	R195m	R58.5m	R117m	R156m	R195m

*Targets are subject to the availability of the transformation fund

Financial Plan (Expenditure estimates for Programme 4: Rural, Township & Community Development Fund)

Due to the way the NEF manages its business, most administrative and capital expenses are centralised. The NEF's organisational income statement in Annexure A, provides the split of expenses.

8.6 Programme 6: Skills Development

Purpose of the programme

Applicants for funding may be excellent entrepreneurs, but often struggle to navigate the necessary application procedures and to manage their businesses and this is often evident during the initial assessment of the funding application. The NEF's Pre-Investment Unit (PIU) therefore assists with funding advice, business planning and general assistance to help ensure that applications are of sufficient quality to complete all steps in the application process.

Description of the programme

As the first point of contact for many potential clients, the PIU's primary functions are to:

- Provide information on NEF products and procedures;
- Control and assist in drawing up funding applications;
- Identify applications that will qualify for funding;
- Keep clients informed on the progress of their applications;
- Advise applicants and assist with drawing up business plans.



Skills Development Strategy

By 2010 the NEF through its then, Fund Management Division faced a number of challenges in delivering on its Mandate. These challenges included:

- The low number of applications received per month.
- The undesirable quality of these applications, as evidenced by an approval ratio of less than 3% of applications received.
- The limited exposure of the target market in terms of the ability to package bankable business plans.
- The skills of the target market in terms of business experience and industry knowledge.
- High impairments (especially in the SME Fund) where a total impairments ratio (including write offs) of about 40% was experienced.
- The limited own contribution and lack of collateral prevalent in the typical NEF application.

The NEF's Pre-Investment Unit then developed the Skills Development Strategy in order to better support the development of black entrepreneurs. The rationale for this strategy was to take cognisance of the NEF mandate and operating environment with a view to:

- Enhance the NEF's interventions to aspirant black entrepreneurs in order to mitigate financial risk for the NEF whilst supporting sustainable black businesses;
- Identify potential tools that can be used by the NEF to better assess the entrepreneurial readiness of potential applications;
- Propose refinements to the NEF's investment process in order to provide a more efficient investment process particularly in the case of SME's whilst maintaining sound investment methodologies i.e., provision of SMART capital;
- Explore additional financial interventions aimed at providing black entrepreneurs with early-stage funding to address limited own capital;
- Enhance NEF impact in developing entrepreneurship in South Africa more broadly with focus on Financial and Non-Financial Support as well as advocacy on issues pertaining to entrepreneurship;

The Pre-Investment Unit has implemented a business incubation model in order to support the development of aspirant black entrepreneurs. The NEF realises the value and impact that

can be made through incubation and has established partnerships with various incubation service providers.



Performance indicators and performance targets per programme

Impact	Output	Output indicator	MTDP Period		
			2024/25	2025/26	2026/27
Transformation	Skills development	Number of people trained	3 000	4 500	7 500
		Number of active incubated businesses.	9	66	120

9.PERFORMANCE PLAN MATRICES

9.1 Consolidated Performance Plan Matrix 2024/25 – 27:

Outcomes	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTDP Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Investment Stimulus	Investment into the economy	Economic value added	-	-	-	-	R4.48bn	R32.9bn	R64.1bn
		Value invested (R'm)	R425m	R1 050m	R692m	R838m	R1 500	R11 000	R20 000

Outcomes	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTDP Period		
							2024/25	2025/26	2026/27
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	New Jobs	Number of new jobs created	2 488	11 429	4 598	6 526	10 500	77 000	140 000
Transformation	SMEs	Number of funded SMEs.	32	203	174	98	150	1100	2000
	Agri-businesses	Percentage of agri-businesses funded relative to number of SMEs	-	-	-	-	40%	40%	40%

Outcomes	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTDP Period		
							2024/25	2025/26	2026/27
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Black industrialist	Percentage of Investments to Black Industrialists (R'm)	R0	R0	R0	R0	50% (of total investments)	50% (of total investments)	50% (of total investments)
	Businesses owned by women, youth or people living with disability	Percentage of disbursements to businesses owned by women, youth, or people living with disability	35% (of annual disbursements)	28% (of annual disbursements)	37% (of annual disbursements)	37% (of annual disbursements)	50% (of annual disbursements)	50% (of annual disbursements)	50% (of annual disbursements)

Outcomes	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTDP Period		
							2024/25	2025/26	2026/27
			2020/21	2021/22	2022/23	2023/24			
	Skills development	Number of people trained	0	0	0	0	3 000	4 500	7 500
		Number of operational and/or funded incubated businesses	0	0	0	0	9	66	120

Outcomes	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTDP Period		
							2024/25	2025/26	2026/27
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Structural Reform	Percentage of investments in SMEs operating outside of the 5 main metros	Disbursements outside the 5 main metros	-	-	-	-	45% (of total investments)	45% (of total investments)	45% (of total investments)
Induced demand	Enabling exporting businesses	Value of revenues replacing imports and exports from supported entities (R'm)	-	-	-	-	R75 m	R550 m	R1 000 m

Outcomes	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTDP Period		
							2024/25	2025/26	2026/27
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Catalytic Sectors	Catalytic Sectors	Disbursements to catalytic sectors (Agriculture, Manufacturing, Tourism, Digital Services, Renewable energy, and other employment-absorbing sectors (R'm)	-	-	-	-	75% (of total investments)	75% (of total investments)	75% (of total investments)

Outcomes	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTDP Period		
							2024/25	2025/26	2026/27
			2020/21	2021/22	2022/23	2023/24			
Development of a Capable State	Maintaining Financial Sustainability	Percentage of portfolio impaired	30%	29%	25%	**33%	**30%	**30%	**30%
		Collection ratio	74.7%	83.71%	83.9%	80%	80%	80%	80%
		Percentage of Suppliers Paid Within 20 business Days of the Commitment date	-	-	-	-	70%	70%	70%

Outcomes	Output	Output indicators	Annual Targets						
			Audited Actual Performance			Estimated Performance (including WEF)	MTDP Period		
							2024/25	2025/26	2026/27
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
		Percentage of Investees Paid Within 45 business days after commitment	-	-	-	-	70%	70%	70%

*Targets are subject to the availability of the transformation fund

9.3 Performance Plan Matrix – Quarterly Milestones 2024/25:

Targets for 2024/25 have been reviewed based on discussions at Management, Executive and Board level. Quarterly targets have been updated to align with the annual targets as outlined in the Performance Plan above.

Outcome	Output Indicator	Target 2024/25	Cumulative Quarterly Milestones	Outcome	Output Indicator	Target 2024/25
			1st	2nd	3rd	4 th
Investment Stimulus	Economic Value Add (R'm)	R4 476	R1 343	R2 686	R3 581	R4 476
	Value of Disbursements (R'm)	R1 500	R450	R900	R1 200	R1 500
	Number of job opportunities created	10500	3150	6300	8400	10500
Transformation	Number of SMME's funded	150	45	90	120	150
	Percentage of agri-businesses funded relative to number of SME's	40%	40%	40%	40%	40%
	Value of disbursements to Black Industrialists	50%	50%	50%	50%	50%
	Percentage of portfolio disbursed to businesses owned women, youth and people living with disability	35%	35%	35%	35%	35%

	Number of people trained	3000	900	1800	2400	3000
	Number of active incubated businesses.	9	2,7	5,4	7,2	9
Structural Reform	Disbursements outside the 5 main metros	45%	45%	45%	45%	45%
Induced demand	Value of revenues replacing imports and exports from supported entities (R'm)	R75	R22.5	R45	R60	R75
Catalytic Sectors	Value disbursed to Catalytic sectors	75%	75%	75%	75%	75%
Development of a Capable State	Percentage of portfolio impaired	30%	30%	30%	30%	30%
	Collection ratio	80%	80%	80%	80%	80%
	Percentage of Suppliers Paid Within 20 Days of Approval	80%	80%	80%	80%	80%
	Percentage of Investees Paid Within 45 Business Days from Commitment	70%	70%	70%	70%	70%

*Targets are subject to the availability of the transformation fund



Part B:

Link to Other Plans

10.FINANCIAL PLAN

The NEF's strategic objectives are detailed in section 6 of this Plan, and detailed Financial Projections are provided in Appendix A.

The financial projections were compiled on the back of the reduced core targets (approvals, commitments, and disbursements), with the intention of ensuring that the NEF continues to be a going concern. In addition, the projections were based on the following key assumptions:

- CPI inflation forecast of 5.3% in FY2025, and an average CPI forecast of 5.3% over the forecast period. These are as per the National Treasury's MTDP guidelines.
- Portfolio impairment provisions of 30% for FY2025 to FY2029.
- Interest earned on investments is prime related;
- Interest earned on surplus cash estimated on average 7.95% over the period;
- Disbursement targets of R100 billion between FY2025 and FY2029;
- Collection rate of 80%; and
- Capital raising fee of 1.5% on disbursements.

10.1. Projections of revenue, expenditure, and borrowings

The NEF is currently engaged in a recapitalisation discussion with its Shareholder Ministry, Government, and other relevant stakeholders. The projections in this section have been revised in line with available resources.

Revenue projections include interest on loans and investments, interest on cash in bank, dividend income from listed and unlisted equity investments, raising / origination fees and enterprise and supplier development contributions received. The interest on loans is projected at rates based on the pricing policies of each fund and the interest rate projections over the entire investment portfolio. The majority of the NEF's loan instruments are priced utilising prime as a reference rate, with the current return on investment on these loans being 11.6% as at 30 September 2024. Capital raising fee is projected at 1.5% of approved transactions to be disbursed in each financial year during MTDP.

Interest on cash in the bank is projected at an average rate of 8.06%, which are the projected rates achieved on money invested with the South African Reserve Bank and on the call facility with Standard Bank.

Dividend income is particularly difficult to predict project as these are linked to different dividend policies of the NEF's investee companies.

The NEF has a portfolio of listed and unlisted investments, the majority of which relates to the MTN shares allocated to the NEF by Government. The dividend projections included in the overall revenue is therefore based on our historic trend and best estimate of what the NEF could receive each year.

The Net Asset Value of the NEF has increased from the initial R2.4 billion to just over R4.3 billion as at financial year end 2023/4. This overall increase over the period has largely been a factor of appreciation in fair value of the NEF's listed investment portfolio and retained earnings as the loan book has grown over the years. There has been decline in MTN's share price from a high of R240 per share, on the 24th of April 2015, to R93.74 per share on the 31st of March 2024. This represents a 61% decline in the value of MTN, over the nine-year period, which is a significant asset on the NEF's balance sheet, comprising 18% of the total assets. Year-to-date performance of the shares since April 2024 has slightly declined to R91.83 per share as at 30 September 2024.

Total Expenditure (i.e. including funding for non-financial services offered by the NEF) has been in line with NEF activities and targets. Operational expenditure includes general, administration and employee costs. Apart from office rental and salaries all operational expenditures, are budgeted for using an incremental budget principles. The overall methodology applied when budgeting for operational expenditure is largely linked to the organizational targets and activities. The NEF has continued with a targeted critical role recruitment drive since the lifting of the funding moratorium in 2014.

The NEF also embarks on various projects in line with the mandate as per the NEF Act (i.e. non-financial support services) for which specific budget allocations are required. To this end an average of R38.9 million per annum has been budgeted for over the next four years. These projects are Investor Education Road shows entrepreneurship development and training, back office services for SMEs, mentorship support, and coaching for investees.

Over the strategic period, the cost-to-income ratio is forecasted to breach the intended long-term range of 54%-58%. This is mainly as a result of reducing income from both investments as a result of lower available capital for investments and dividend receipts (mainly from MTN)

over the period. In addition, non-financial support activities which are mandatory to the NEF are currently not subsidised.

10.2. Asset and liability management

The NEF, as a Schedule 3A entity under the PFMA, is required to operate fully on the basis of not budgeting for a deficit. Investment activity is funded out of cash balances and thus all liabilities will always be offset by cash balances.

Excess cash is managed through a cash management process where short term cash is invested in call accounts of three approved banks to meet short term cash requirements and excess cash with the South African Reserve Bank in terms of the requirements of the PFMA.

In an attempt at better managing excess cash, the NEF is exploring the option of implementing an in house or outsourced treasury function, with the intention of better managing excess liquidity held which will result in the NEF earning additional risk adjusted returns on its surplus cash. This initiative would entail implementing the necessary treasury policies, processes, and controls in order to apply for the necessary exemption from the National Treasury.



10.3. Cash flow projections

Please refer to Appendix A.

10.4. Capital expenditure and infrastructure plans

Annual capital expenditure allocation is mostly related to replenishment of existing capital expenditure items such as computers, furniture, office equipment and acquisition of the property for Head Office instead of renting. The NEF further plans to enhance its IT environment and platforms over the medium period. The total allocation for capital expenditure over the forecast period is R73.5 million over MTDP.

The NEF does not directly fund infrastructure for itself or the country as part of its mandate though there may be an element of infrastructure funding provided through projects funded by the Strategic Projects Fund that is a specific requirement of that project and in line with national targeted strategic sectors.

10.5. Dividend policies

The NEF does not have a dividend policy with respect to any surplus reported. Surpluses are retained following a section 53(3) application to the National Treasury each year in order to meet further capitalisation needs of the NEF since in the absence of recapitalisation.

11. RISK MANAGEMENT AND FRAUD PREVENTION PLAN

11.1. Risk Management Framework

The NEF's Risk Management Framework is based on Committee of Sponsoring Organizations of the Treadway Commission (COSO), Institute of Risk Management Standards of South Africa (IRMSA) Code of Practice and PFMA & Treasury regulations.

The ERM (Enterprise-wide risk management) methodology of the NEF consists of the following interrelated components: internal environment, objective setting, risk identification, risk assessment, risk control and response, risk monitoring and reporting, and risk performance measurement. These components are derived from best practice with respect to ERM governance.

The Framework is continuously benchmarked against best practice such as the International standard on Risk Management (ISO 31000) and KING IV; and where required, relevant changes are made to the Framework. The Framework was updated during 2018 and is currently being reviewed to determine if further updates are required.

The Risk assessment process results in the output of the risk universe, allowing key risks to be identified. The Risk assessment exercise is completed on an annual basis and divisional risk registers are updated on a quarterly basis on a rotational basis to identify any emerging risks and track progress.

11.2. Risk Strategy (Risk Register)

The realisation of the strategic objectives presented by the NEF may be affected by the following key risks:

A. Business/Market Risk: The risk that changes in external market conditions have a negative impact on the viability of funded transactions.

The investment portfolio of the NEF consists of businesses in the commercial environment that are susceptible to normal business risks in a volatile economic environment, fluctuations

in commodity prices and foreign exchange rates amongst other variables. The current volatile global and local economic environment due to Geo-political events, rising inflation, rising fuel prices, increasing interest rate environment, and impact of extended periods of loadshedding is negatively impacting on clients that the NEF provides funding to. In addition, household personal finances are under financial strain due to rising living costs. This is negatively impacting on business conditions and has placed strain on some of the clients in the NEF's portfolio.

The NEF portfolio is arguably more susceptible to these variations given the nature of the businesses being supported that are early-stage business, inexperienced entrepreneurs, highly geared balance sheets and hence not as able to absorb the impact of these fluctuations compared to more established businesses.

In evaluating transactions, market conditions are considered (such as the risk of power supply), due diligence investigations, risks and mitigant identification (in the example of power, alternate sources of power identified), modelling and structuring (including the cost of implementing mitigating factors) of transactions by the deal teams. In addition, a regular micro- and macro-economy sensitivity is undertaken by our Post-Investment Unit and NEF-appointed mentors are used to promptly advise NEF investees on appropriate course of action.

B. Credit Risk: Unsustainable levels of impairments

The NEF is mandated to intervene in the economy through the provision of funding to black-owned enterprises, which due to past economic imbalances, may be of a higher credit risk. This risk is exacerbated by the prevailing tough economic climate due to harsh international and local economic conditions that may impact on funded businesses and their cashflows leading to the inability to honour loan repayments and possible defaults on loans to the NEF.

Internally, the risk that the credit risk assessment processes of the NEF may be lenient in the provision of appropriate investment decisions does exist due to the needs to balance the developmental imperatives and strict credit risk assessment fundamentals, as does the risk of not collecting on amounts due and not being able to timeously identify distressed investments, which may be rescued. The risk of funding the unsuitable “jockeys” impacting on the performance of investments and the portfolio also exists. Inadequate controls mitigating this risk may negatively impact on the performance and quality of the portfolio.

The controls introduced to attempt to mitigate this risk include:

- Appointment of skilled fund management teams.
- Due diligence investigation processes that include credit and background checks.
- Adequately constituted and efficient approval structures.
- Portfolio management, monitoring and reporting processes.
- Use of pricing models according to a pricing policy which compels consideration of credit risk.
- An independent credit risk assessment process by the Credit Risk Department.
- Credit collection process managed by collaboration between the Post-Investment Unit and the Finance Division.
- Adequate turnaround workout and restructuring process.
- Initiatives being implemented by the NEF's Post Investments and TWR business unit to assist clients during this difficult period.

C. Ability to attract & retain relevant skills

Increased opportunities in the job market for skilled individuals has resulted in the level of resignations increasing at the NEF. Employees joining the NEF are relatively junior and require a significant amount of on-the-job training to attain relevant experience while working for the NEF and are later sought after by other financial institutions. These individuals are offered higher remuneration and leave the NEF as the NEF cannot always match these higher salary packages. Various initiatives are currently being explored by the Human Resource Department of the NEF and are being discussed at the HCRC committee of the NEF.

D. Concentration risk in MTN

The shareholding in MTN comprises a significant component of the NEF's Balance sheet. The volatility in share price of MTN has a significant impact on the NEF's asset base. Management has evaluated possible options to manage the volatility of this strategic asset and will be presenting options to the relevant governance structure in the organisation.

E. Recapitalisation Risk

The risk that the NEF will not be able to raise sufficient capital to fund the NEF's short-term to medium-term investment and operating activities.

Without an injection of new capital, the NEF estimates that it will run out of capital to finance new transactions in the medium term. The lack of adequate capital will also negatively impact on the NEF's ability to follow through on participation interest or equity options for transactions within the NEF's Strategic Projects Fund. This will have a negative impact on the achievement of the NEF's mandate and the ability to transform the economy.

Various initiatives are underway regarding resolving the issue relating to the recapitalisation of the NEF, that is, exploring strategic partnerships with other entities to co-fund transactions as well as engaging our key stakeholders regarding funding requirements. The NEF is also undertaking fundraising initiatives for the Strategic Projects Fund transactions.

Below is a summary of the key risks that the NEF faces and mitigants which have put in place:

Outcome	Key Risk	Risk Mitigation
Growing black economic participation in the South African Economy and job creation	<ul style="list-style-type: none"> Recapitalisation Risk. 	<ul style="list-style-type: none"> Engagements with key stakeholder regarding funding requirements Co-funding of transactions 3rd party funding sought for SPF transactions
Financial sustainability	<ul style="list-style-type: none"> Concertation risk MTN 	<ul style="list-style-type: none"> After analysis regarding possible options of this strategic asset, management and Board have agreed to accept this risk.
Financial Sustainability	<ul style="list-style-type: none"> Business/market risk: external conditions have a negative impact on funded transactions (tough economic conditions, loadshedding etc). 	<ul style="list-style-type: none"> Thorough due diligence (DD) investigations on transactions Transaction structuring and modelling which takes into account DD investigation findings Initiatives to assist clients to deal with impact of Covid-19

Financial sustainability	<ul style="list-style-type: none"> • Credit risk: unsustainable levels of impairments 	<ul style="list-style-type: none"> • Short-term and long-term impairment intervention measures put in place • Thorough due diligence (DD) investigations on transactions • Appropriate governance in place in respect of credit granting/approval, monitoring • Initiatives to assist clients to deal with impact of Covid-19
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11.3. Fraud Prevention Plan

The Fraud Prevention Plan is the responsibility of all staff and management at the NEF. This plan is a dynamic document and is updated regularly to reflect changes in the business operations and circumstances of the NEF. The Plan has been reviewed by management, updated and approved by the Board during 2021. The plan is currently being reviewed and will be updated if required.

The NEF has developed and implemented a Fraud Prevention Strategy and Fraud Prevention Plan to guide behaviour and to combat any fraudulent activities. Key aspects of the Fraud Prevention Strategy and Plan are listed below.

Anti-Fraud Policy Statement

As a first step towards implementing an anti-fraud strategy, the NEF adopts and publishes an Anti-Fraud Policy statement along the following lines:

The NEF recognises the possibility of fraud and corruption occurring in its operations. As such it is the policy and mission of the NEF to strive for the protection of its employees and its other stakeholders (such as applicants, investees, suppliers etc.) through the implementation of an effective and efficient Fraud Prevention Strategy.

We believe that there is only one effective way of fighting fraud and other corrupt practices and that is by instilling the reality amongst employees and other stakeholders, (such as clients

(investees), suppliers of goods and services, public,) that fraud and corruption do not pay and will be detected and dealt with severely.

Therefore, the NEF's view on fraud and corruption is one of zero tolerance, and as such the NEF is committed to:

- Aggressively detecting incidents of fraud and corruption;
- The investigation of all allegations of misconduct by employees, clients and suppliers, said to be occasioned by fraud and corruption; and
- The prosecution of all offenders criminally and, where necessary, the institution of civil and disciplinary action against them.

Anti-Fraud Charter

In implementing the Fraud Prevention Policy of the NEF has adopted the following principles:

- We have a zero-tolerance attitude to fraud
- We understand and manage our risks
- We are proactive in defending our assets
- We react swiftly when a crime is uncovered

11.4. Fraud Risk Management Strategy

The key objectives of the NEF's Fraud Risk Management Strategy are:

- To establish the necessary preventative, control and monitoring mechanisms/ systems to minimise the defrauding of the NEF funds, resources, assets and services by any persons/organizations.
- To ensure that adequate measures are in place to protect the NEF from internal as well as external fraud (i.e., supplier, potential applicants, clients, syndicates targeting NEF i.e., false applications etc.).
- To ensure that adequate measures are in place to report fraud (whistle blowing policy and hotline).
- To ensure that all reported matters are investigated.
- To account to the Board, via the Audit Committee on all fraudulent activity within the NEF.
- To take the necessary action against all parties involved in fraudulent activities against the NEF and to punish and deter any fraudulent actions from continuing or recurring

The focus of such a strategy is the formalisation and implementation within the NEF of a culture of zero tolerance for fraud and corruption, a high level of fraud awareness, and a

management and control environment that makes it as difficult as reasonably possible to misappropriate assets or to succumb to corruption.

From the perspective of the NEF, good governance as it pertains to fraud prevention includes:

- Continuing the present focus on governance
- A robust control environment
- A strong and independent Internal Audit function
- A relevant and well-communicated Code of Conduct
- A whistleblowing policy and mechanism (fraud hotline) to report suspected fraud or corruption.

From a fraud prevention point of view, it is important that:

- When management considers the strategy and direction that the organisation is taking, they take into account the environmental factors relating to fraud and that they insist that a suitably comprehensive fraud prevention strategy be put in place to address such risks, this is done via the organisational risk assessment process.
- Each manager brings his or her specialised industry knowledge or technical background to bear when considering how fraud risks are to be avoided.
- Regular monitoring of performance against pre-set objectives should take place.
- Individual operational units are held accountable for their actions.
- Constant pressure for improvement is exercised as this has a powerful impact on reducing fraudulent activity. This is done via the implementation of internal and external auditor's recommendation, which is tracked.
- The management team's awareness of the possibility of fraud is monitored, as this is also an active manner in which managers can encourage defensive strategies.
- Regular monitoring of the internal control environment takes place to ensure that it remains of sufficiently high standard.

12. INDICATOR PROFILES

Performance Indicator 1: Number of Funded SMEs

1. Indicator title	Number of funded SMEs
2. Definition	Total number of SMEs funded
3. Source/collection of data	Funds and Secretariat
4. Method of calculation / Assessment	Quantity SMEs as per Secretariate Register based on investment committee meeting approvals
5. Means of Verification	Minutes and CRM System Reports
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	150 SMEs funded for the year
12. Indicator Responsibility	Unit Executive Directors



Performance Indicator 2: Percentage of Agri-Businesses funded relative to the number of SMEs

1. Indicator title	Percentage of agri-businesses funded relative to number of SME's
2. Definition	Percentage of funded agri-businesses
3. Source/collection of data	Funds and Secretariat
4. Method of calculation / Assessment	Quantity of agri-businesses as per Secretariate Register based on investment committee meeting approvals
5. Means of Verification	Minutes and CRM System Reports
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	40% agri-businesses funded for the year
12. Indicator Responsibility	Unit Executive Directors

Performance Indicator 3: Percentage of Investments to Black Industrialists (BI)

1. Indicator title	Percentage of Investments to BI
2. Definition	Indicates the total or part cash that the NEF has advanced to Black investees in productive industries (excluding funding of businesses in retail and property management).
3. Source/collection of data	Finance Department
4. Method of calculation / Assessment	Percentage of investments disbursed to BI investees as per the disbursement schedule
5. Means of Verification	Disbursement schedule
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	50% of total investments
12. Indicator Responsibility	Unit Executive Directors



Performance Indicator 4: Percentage of disbursements to businesses owned by women, youth and people living with disability

1. Indicator title	Percentage of disbursements to businesses owned by women, youth and people living with disability
2. Definition	Total proportionate rand amount disbursed to businesses owned by women, youth and people living with disability / total disbursements amount
3. Source/collection of data	Legal Services and Finance Units
4. Method of calculation / Assessment	The proportion of shareholders that are either women, youth, or living with disability / total disbursements
5. Means of Verification	Share certificates, IDs and a medical report from a recognised medical practitioner.
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	Target: 50% of total disbursements per annum
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Non-cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	50% of total disbursements
12. Indicator Responsibility	Unit Executive Directors



Performance Indicator 5: Number of people trained

1. Indicator title	Number of people trained
2. Definition	Number of people trained through NEF's interventions
3. Source/collection of data	Pre-Investment Unit/Third Party Fund Unit
4. Method of calculation / Assessment	Simple Count
5. Means of Verification	Training reports
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	3 000 people trained
12. Indicator Responsibility	Unit Executive Director



Performance Indicator 6: Number of operational and/or funded incubated businesses

1. Indicator title	Number of operational and/or funded incubated businesses
2. Definition	Number of operational and/or funded businesses that have completed NEF business incubation.
3. Source/collection of data	Pre-Investment Unit
4. Method of calculation / Assessment	Simple Count
5. Means of Verification	Incubation reports
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	9 businesses incubated
12. Indicator Responsibility	Unit Executive Director

Performance Indicator 7: Economic value added

1. Indicator title	Economic value added
2. Definition	Value of additional value created by all investees on the NEF's portfolio
3. Source/collection of data	Post Investment Unit
4. Method of calculation / Assessment	Total sum of annualised additional output for all clients on the portfolio based off their last audited financials.
5. Means of Verification	Audited financial statements
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	N/A
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	R4 476 m
12. Indicator Responsibility	Unit Executive Directors

Performance Indicator 8: Value invested

1. Indicator title	Value invested
2. Definition	Indicates the total or part cash which the NEF has advanced to investees (this includes Enterprise Development grants)
3. Source/collection of data	Finance Department
4. Method of calculation / Assessment	Sum of total investments
5. Means of Verification	Disbursement schedule
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	Funds invested to the value of R1 500 million
12. Indicator Responsibility	Unit Executive Directors

Performance Indicator 9: Number of new jobs created

1. Indicator title	Number of new jobs created
2. Definition	Number of new jobs created
3. Source/collection of data	Funds
4. Method of calculation / Assessment	Simple count
5. Means of Verification	CRM system reports.
6. Assumptions	Reliable data
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	10 500 new jobs created and supported.
12. Indicator Responsibility	Unit Executive Directors

Performance Indicator 10: Percentage of investments in SMEs operating outside of the 5 main metros

1. Indicator title	Percentage of investments in SMEs operating outside of the 5 main metros
2. Definition	The Percentage of investments in SMEs operating outside of the 5 main metros
3. Source/collection of data	Finance
4. Method of calculation / Assessment	Proportion of investments that went to SMEs operating outside of the 5 main metros
5. Means of Verification	FICA compliant documents including utilities statements
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	Non-metro
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	45% of total investments
12. Indicator Responsibility	Unit Executive Directors

Performance Indicator 11: Value of revenues from exporting clients

1. Indicator title	Value of exports from supported SMEs
2. Definition	The rand value of exports from supported SMEs by the NEF in the portfolio
3. Source/collection of data	Post Investment Unit
4. Method of calculation / Assessment	Total rand value of exported goods and services by SMEs funded by the NEF.
5. Means of Verification	Packing checklist, export declaration, invoice, air waybill.
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	Non-metro
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	R75 million of total disbursements to investments
12. Indicator Responsibility	Unit Executive Directors

Performance Indicator 12: Catalytic Sectors

1. Indicator title	Investment made in catalytic sectors
2. Definition	Investments made to SMEs in catalytic sectors (including Agriculture, Mining, Manufacturing, Tourism, Digital Services)
3. Source/collection of data	Funds
4. Method of calculation / Assessment	Percentage of investments made to catalytic sectors
5. Means of Verification	SIC codes from CRM system
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	9 Provinces
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	75% of total investments
12. Indicator Responsibility	Unit Executive Director



Performance Indicator 13: Percentage of Portfolio Impaired

1. Indicator title	Percentage of the portfolio impaired
2. Definition	The total percentage of the value invested in investees that is valued at less than the original valuation, and that may have to be written off in future
3. Source/collection of data	Finance Department
4. Method of calculation / Assessment	IAS39/GRAP 104 Principle
5. Means of Verification	Impairment Model
6. Assumptions	Per IAS39/GRAP 104
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	N/A
9. Calculation Type	Non-cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	30% impairment
12. Indicator Responsibility	Unit Executive Directors and Post-Investment

Performance Indicator 14: Collections ratio

1. Indicator title	Collections against total amount invoiced
2. Definition	The percentage of monies collected from investees based on the total amount invoiced
3. Source/collection of data	Finance Department
4. Method of calculation / Assessment	Total receipts / total instalments raised
5. Means of Verification	Reports from finance system (Great Planes and Credit Ease)
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	N/A
9. Calculation Type	Non-cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	80% Collections
12. Indicator Responsibility	Unit Executive Directors and Post-Investment



Performance Indicator 15: Percentage of Suppliers Paid Within 20 Days of Approval

1. Indicator title	Percentage of Suppliers Paid Within 20 Days of Approval
2. Definition	The percentage of suppliers paid out within 20 days of receiving a valid invoice
3. Source/collection of data	Procurement
4. Method of calculation / Assessment	Difference between receipt date of valid invoice the payment date
5. Means of Verification	Procurement report
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	N/A
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	80%
12. Indicator Responsibility	Unit Executive Directors and Post-Investment

Performance Indicator 16: Percentage of Investees Paid Within 45 Working Days from Commitment

1. Indicator title	Percentage of Investees Paid Within Paid Within 45 Working Days of Commitment
2. Definition	Percentage of Investees Paid Within Paid Within 45 Working Days of Commitment
3. Source/collection of data	S&P, Finance
4. Method of calculation / Assessment	Difference between date legal agreements have been signed and the initial disbursement date per transaction/total number of transactions
5. Means of Verification	Secretariate minutes, disbursement schedule
6. Assumptions	N/A
7. Disaggregation of Beneficiaries (Where applicable)	N/A
8. Spatial Transformation (Where applicable)	N/A
9. Calculation Type	Cumulative
10. Reporting Cycle	Quarterly and annually
11. Desired Performance	70%
12. Indicator Responsibility	Unit Executive Directors and Post-Investment

Annexure A: Financial Projections

Income and Expenditure

	BUDGET <u>Mar-25</u> R	Forecast <u>Mar-26</u> R	Forecast <u>Mar-27</u> R	Forecast <u>Mar-28</u> R	Forecast <u>Mar-29</u> R
<u>INCOME:</u>					
Dividends	16 700 000	16 700 000	16 700 000	16 700 000	41 625 487
Interest Received Banks	208 312 106	158 548 093	393 560 684	944 616 260	656 585 368
Interest from Investments	280 918 684	377 833 773	810 030 963	1 859 565 039	4 413 170 078
Capital raising fee	22 222 222	26 666 667	32 000 000	38 400 000	46 080 000
Revenue from non-exchange	650 000 000	715 000 000	786 500 000	865 150 000	951 665 000
Other income	5 100 000	5 100 000	3 000 000	3 000 000	3 000 000
	1 183 253 012	1 299 848 533	2 041 791 647	3 727 431 299	6 112 125 932
<u>EXPENDITURE</u>					
Goods & Services	140 484 000	147 929 652	175 769 924	210 085 730	251 220 273
Compensation to employees	320 878 632	393 294 195	470 054 692	551 420 819	637 668 913
Depreciation	3 898 466	4 288 312	4 717 143	5 188 858	5 707 744
Projects/ Non-financial support	35 000 000	36 855 000	38 808 315	40 865 156	43 031 009
Impairment Provision & Write offs	230 705 200	276 846 240	365 437 037	482 376 889	636 737 493
Total Expenditure	730 966 298	859 213 400	1 054 787 111	1 289 937 450	1 574 365 431
Fair value gain/Loss	(18 914 799)	(16 921 320)	(19 346 521)	(2 306 719)	(1 845 375)
<u>SURPLUS/(DEFICIT)</u>	433 371 914	423 713 813	967 658 015	2 435 187 130	4 535 915 126

*Forecasts are subject to the availability of the transformation fund

Annexure B: Statement of Financial Position

Statement of financial position

	Actual	Budget	Forecast	Forecast	Forecast	Forecast
	<u>Mar-24</u>	<u>Mar-25</u>	<u>Mar-26</u>	<u>Mar-27</u>	<u>Mar-28</u>	<u>Mar-29</u>
	<u>R</u>		<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
ASSETS						
Non Current Assets	3 677 258 820	5 099 588 145	11 267 499 647	22 725 290 888	38 058 640 007	55 290 603 533
Property, Plant and Equipment	2 668 905	58 327 030	64 038 717	61 321 574	59 132 716	57 424 972
Investments in Associates	77 874 853	95 198 872	87 998 872	87 998 872	95 198 872	96 998 872
Investments Held at Fair Value	1 243 400 766	1 527 806 788	1 527 806 788	1 527 806 788	1 527 806 788	1 527 806 788
Investment in subsidiary	19 876 554	19 876 603	19 876 554	19 876 603	19 876 603	19 876 603
Loans and Leases	2 333 437 743	3 398 378 852	9 567 778 715	21 028 287 050	36 356 625 027	53 588 496 297
Current Assets	2 309 648 084	1 663 513 990	8 287 590 272	16 205 599 289	9 347 348 617	23 403 849 044
Trade and other receivables	16 328 388	15 442 083	15 522 664	15 522 664	15 522 664	15 522 664
Dividends receivables	33 379 058	16 700 000	16 700 000	16 700 000	16 700 000	44 622 007
Investments Held for Trading	25 775 210	21 947 209	25 775 210	25 775 210	35 775 210	35 775 210
Cash and Bank	2 234 165 428	1 609 424 697	8 229 592 397	16 147 601 414	9 279 350 742	23 307 929 162
TOTAL ASSETS	5 986 906 905	6 763 102 135	19 555 089 918	38 930 890 177	47 405 988 623	78 694 452 577
Trust Capital and Reserves	4 574 670 267	5 008 042 182	5 431 755 995	6 399 414 010	8 834 601 140	13 370 516 266
Trust Capital	2 468 431 472	2 468 431 472	2 468 431 472	2 468 431 472	2 468 431 472	2 468 431 472
Retained Income	2 106 238 795	2 539 610 710	2 963 324 523	3 930 982 538	6 366 169 668	10 902 084 794
- Balance at Beginning of the Year	2 314 252 328	2 106 238 795	2 539 610 710	2 963 324 523	3 930 982 538	6 366 169 668
- Retained Income/(Deficit) for the Year	(208 013 532)	433 371 914	423 713 813	967 658 015	2 435 187 130	4 535 915 126
Non-Current Liabilities	9 249 151	9 249 151	9 249 151	9 249 151	9 249 151	9 249 151
Liabilities directly associated with non-current assets classified as held for sale	9 249 151	9 249 151	9 249 151	9 249 151	9 249 151	9 249 151
Long term Borrowings						
Current Liabilities	1 402 987 474	1 745 810 802	14 114 084 773	32 522 227 017	38 562 138 332	65 314 687 159
Enterprise development fund	1 328 298 972	1 671 122 300	13 981 509 860	32 404 652 104	38 528 563 420	65 281 112 247
Accounts Payable	74 688 501	74 688 501	132 574 912	117 574 912	33 574 912	33 574 912
TOTAL EQUITY AND LIABILITIES	5 986 906 904	6 763 102 133	19 555 089 918	38 930 890 177	47 405 988 623	78 694 452 577

Annexure C: Cash flow Statement

Cash Flow Statement

	Actual	Budget	Forecast	Forecast	Forecast	Forecast
	2024 March R	2025 March R	2026 March R	2027 March R	2028 March R	2029 March R
Cash flows from operating activities	(350 766 648)	(1 025 409 702)	6 630 167 700	7 920 009 017	1 052 758 345	7 164 327 748
Dividend received	65 307 058	16 700 000	16 700 000	16 700 000	16 700 000	16 700 000
Interest received	202 231 192	208 312 106	158 548 093	393 560 684	944 616 260	656 585 368
Cash received from enterprise development funders	134 788 040	2 000 341 508	16 340 000 000	26 140 000 000	26 140 000 000	36 120 000 000
Other income	-	5 100 000	5 100 000	3 000 000	3 000 000	3 000 000
Investment disbursements	(799 482 186)	(2 500 000 000)	(10 000 000 000)	(20 000 000 000)	(30 000 000 000)	(37 500 000 000)
Repayments on originated loans and leases	465 309 753	448 601 423	687 898 455	2 051 381 264	4 750 813 788	8 799 962 575
Opex	(418 920 505)	(496 362 632)	(578 078 847)	(684 632 931)	(802 371 704)	(931 920 195)
TRF		(708 102 105)	-	-	-	-
Cash flows from investing activities	(1 740 172)	400 668 970	(10 000 000)	(2 000 000)	(3 000 000)	(4 000 000)
Additions to property, plant and equipment	(1 740 172)	(54 500 000)	(10 000 000)	(2 000 000)	(3 000 000)	(4 000 000)
Proceeds from sale of MTN shares		455 168 970				
Increase /(Decrease) in cash and cash equiva	(352 506 820)	(624 740 732)	6 620 167 700	7 918 009 017	1 049 758 345	7 160 327 748
Cash at beginning of the year	2 586 672 248	2 234 165 428	1 609 424 697	8 229 592 397	8 229 592 397	16 147 601 414
Total Cash at end of year	2 234 165 428	1 609 424 697	8 229 592 397	16 147 601 414	9 279 350 742	23 307 929 162

*Forecasts are subject to the availabilit of the transformation fund

Annexure D: Personnel Information

Category	Salary Bands	Components of Remuneration	Preliminary outcomes			Revised Estimate					Projections over the MTD								
			2023/24			2024/25					2025/26			2026/27			2027/28		
			Number of posts filled on funded establishment	Expenditure on posts filled on funded establishment (R thousand)	Unit Cost	Number of posts on approved establishment	Number of funded posts (establishment)	Number of posts filled on funded establishment	Expenditure on posts filled on funded establishment (R thousand)	Unit Cost	Number of posts filled on funded establishment	Expenditure on posts filled on funded establishment (R thousand)	Unit Cost	Number of posts filled on funded establishment	Expenditure on posts filled on funded establishment (R thousand)	Unit Cost	Number of posts filled on funded establishment	Expenditure on posts filled on funded establishment (R thousand)	Unit Cost
R Thousand			-	51 444	-	-	-	-	72 489	-	-	74	-	-	77	-	-	80	-
		Performance bonus	-	-	-	-	-	-	-	-	664	-	-	651	-	-	757	-	-
Permanent	Semi-skilled	Guaranteed package	1	140	140	1	1	1	147	147	1	153	153	1	159	159	1	169	169
Permanent	Semi-skilled	Guaranteed package	1	140	140	1	1	1	147	147	1	153	153	1	159	159	1	169	169
Permanent	Semi-skilled	Guaranteed package	1	140	140	1	1	1	147	147	1	153	153	1	159	159	1	169	169
Permanent	Semi-skilled	Guaranteed package	1	140	140	1	1	1	147	147	1	153	153	1	159	159	1	169	169
Permanent	Semi-skilled	Guaranteed package	1	140	140	1	1	1	147	147	1	153	153	1	159	159	1	169	169
Permanent	Semi-skilled	Guaranteed package	1	151	151	1	1	1	158	158	1	164	164	1	171	171	1	182	182
Permanent	Semi-skilled	Guaranteed package	1	152	152	1	1	1	160	160	1	166	166	1	173	173	1	184	184
Permanent	Semi-skilled	Guaranteed package	1	152	152	1	1	1	160	160	1	166	166	1	173	173	1	184	184
Permanent	Semi-skilled	Guaranteed package	1	152	152	1	1	1	160	160	1	166	166	1	173	173	1	184	184
Permanent	Semi-skilled	Guaranteed package	1	152	152	1	1	1	160	160	1	166	166	1	173	173	1	184	184
Permanent	Semi-skilled	Guaranteed package	1	152	152	1	1	1	160	160	1	166	166	1	173	173	1	184	184
Permanent	Semi-skilled	Guaranteed package	1	152	152	1	1	1	160	160	1	166	166	1	173	173	1	184	184
Permanent	Semi-skilled	Guaranteed package	1	152	152	1	1	1	160	160	1	166	166	1	173	173	1	184	184
Permanent	Semi-skilled	Guaranteed package	1	152	152	1	1	1	160	160	1	166	166	1	173	173	1	184	184
Permanent	Semi-skilled	Guaranteed package	1	152	152	1	1	1	160	160	1	166	166	1	173	173	1	184	184
Permanent	Semi-skilled	Guaranteed package	1	152	152	1	1	1	160	160	1	166	166	1	173	173	1	184	184
Permanent	Semi-skilled	Guaranteed package	1	152	152	1	1	1	160	160	1	166	166	1	173	173	1	184	184
Permanent	Semi-skilled	Guaranteed package	1	152	152	1	1	1	160	160	1	166	166	1	173	173	1	184	184
Permanent	Semi-skilled	Guaranteed package	1	152	152	1	1	1	160	160	1	166	166	1	173	173	1	184	184
Permanent	Semi-skilled	Guaranteed package	1	202	202	1	1	1	212	212	1	221	221	1	230	230	1	244	244
Permanent	Semi-skilled	Guaranteed package	1	203	203	1	1	1	213	213	1	222	222	1	231	231	1	245	245
Permanent	Semi-skilled	Guaranteed package	1	205	205	1	1	1	215	215	1	224	224	1	233	233	1	247	247
Permanent	Semi-skilled	Guaranteed package	1	235	235	1	1	1	246	246	1	257	257	1	267	267	1	283	283
Permanent	Skilled	Guaranteed package	1	238	238	1	1	1	250	250	1	260	260	1	271	271	1	287	287
Permanent	Semi-skilled	Guaranteed package	1	242	242	1	1	1	253	253	1	264	264	1	275	275	1	292	292
Permanent	Skilled	Guaranteed package	1	246	246	1	1	1	258	258	1	269	269	1	280	280	1	297	297
Permanent	Skilled	Guaranteed package	1	259	259	1	1	1	272	272	1	283	283	1	295	295	1	313	313
Permanent	Semi-skilled	Guaranteed package	1	259	259	1	1	1	272	272	1	283	283	1	295	295	1	313	313
Permanent	Semi-skilled	Guaranteed package	1	261	261	1	1	1	273	273	1	285	285	1	297	297	1	315	315
Permanent	Semi-skilled	Guaranteed package	1	267	267	1	1	1	279	279	1	291	291	1	303	303	1	321	321
Permanent	Skilled	Guaranteed package	1	270	270	1	1	1	283	283	1	295	295	1	307	307	1	326	326
Permanent	Semi-skilled	Guaranteed package	1	271	271	1	1	1	284	284	1	296	296	1	309	309	1	327	327
Permanent	Skilled	Guaranteed package	1	272	272	1	1	1	285	285	1	297	297	1	310	310	1	328	328
Permanent	Skilled	Guaranteed package	1	279	279	1	1	1	292	292	1	305	305	1	317	317	1	336	336
Permanent	Semi-skilled	Guaranteed package	1	285	285	1	1	1	299	299	1	312	312	1	325	325	1	344	344
Permanent	Professional	Guaranteed package	1	290	290	1	1	1	304	304	1	317	317	1	330	330	1	350	350
Permanent	Professional	Guaranteed package	1	292	292	1	1	1	306	306	1	318	318	1	332	332	1	352	352

Permanent	Skilled	Guaranteed package	1	296	296	1	1	1	310	310	1	323	323	1	336	336	1	357	357
Permanent	Skilled	Guaranteed package	1	315	315	1	1	1	330	330	1	344	344	1	358	358	1	380	380
Permanent	Skilled	Guaranteed package	1	318	318	1	1	1	333	333	1	347	347	1	362	362	1	384	384
Permanent	Professional	Guaranteed package	1	318	318	1	1	1	334	334	1	348	348	1	362	362	1	384	384
Permanent	Professional	Guaranteed package	1	319	319	1	1	1	334	334	1	348	348	1	363	363	1	384	384
Permanent	Skilled	Guaranteed package	1	319	319	1	1	1	334	334	1	348	348	1	363	363	1	384	384
Permanent	Skilled	Guaranteed package	1	319	319	1	1	1	334	334	1	348	348	1	363	363	1	385	385
Permanent	Semi-skilled	Guaranteed package	1	324	324	1	1	1	340	340	1	354	354	1	369	369	1	391	391
Permanent	Skilled	Guaranteed package	1	345	345	1	1	1	361	361	1	376	376	1	392	392	1	416	416
Permanent	Professional	Guaranteed package	1	349	349	1	1	1	366	366	1	381	381	1	397	397	1	421	421
Permanent	Professional	Guaranteed package	1	350	350	1	1	1	367	367	1	382	382	1	398	398	1	422	422
Permanent	Skilled	Guaranteed package	1	351	351	1	1	1	368	368	1	383	383	1	399	399	1	423	423
Permanent	Skilled	Guaranteed package	1	352	352	1	1	1	368	368	1	384	384	1	400	400	1	424	424
Permanent	Skilled	Guaranteed package	1	361	361	1	1	1	379	379	1	394	394	1	411	411	1	436	436
Permanent	Skilled	Guaranteed package	1	369	369	1	1	1	387	387	1	403	403	1	420	420	1	445	445
Permanent	Professional	Guaranteed package	1	382	382	1	1	1	400	400	1	417	417	1	434	434	1	460	460
Permanent	Skilled	Guaranteed package	1	385	385	1	1	1	403	403	1	420	420	1	438	438	1	464	464
Permanent	Skilled	Guaranteed package	1	407	407	1	1	1	426	426	1	444	444	1	463	463	1	491	491
Permanent	Skilled	Guaranteed package	1	413	413	1	1	1	432	432	1	451	451	1	470	470	1	498	498
Permanent	Skilled	Guaranteed package	1	413	413	1	1	1	433	433	1	452	452	1	471	471	1	499	499
Permanent	Professional	Guaranteed package	1	421	421	1	1	1	441	441	1	459	459	1	479	479	1	508	508
Permanent	Skilled	Guaranteed package	1	435	435	1	1	1	456	456	1	476	476	1	496	496	1	525	525
Permanent	Skilled	Guaranteed package	1	444	444	1	1	1	465	465	1	485	485	1	505	505	1	536	536
Permanent	Professional	Guaranteed package	1	457	457	1	1	1	479	479	1	499	499	1	520	520	1	551	551
Permanent	Skilled	Guaranteed package	1	469	469	1	1	1	492	492	1	512	512	1	534	534	1	566	566
Permanent	Skilled	Guaranteed package	1	476	476	1	1	1	498	498	1	519	519	1	541	541	1	574	574
Permanent	Skilled	Guaranteed package	1	507	507	1	1	1	532	532	1	554	554	1	577	577	1	612	612
Permanent	Professional	Guaranteed package	1	513	513	1	1	1	538	538	1	560	560	1	584	584	1	619	619
Permanent	Skilled	Guaranteed package	1	524	524	1	1	1	549	549	1	572	572	1	596	596	1	632	632
Permanent	Skilled	Guaranteed package	1	532	532	1	1	1	558	558	1	581	581	1	606	606	1	642	642
Permanent	Professional	Guaranteed package	1	535	535	1	1	1	561	561	1	585	585	1	609	609	1	646	646
Permanent	Professional	Guaranteed package	1	546	546	1	1	1	572	572	1	596	596	1	621	621	1	659	659
Permanent	Professional	Guaranteed package	1	576	576	1	1	1	604	604	1	629	629	1	656	656	1	695	695
Permanent	Professional	Guaranteed package	1	588	588	1	1	1	616	616	1	642	642	1	669	669	1	709	709
Permanent	Skilled	Guaranteed package	1	590	590	1	1	1	618	618	1	644	644	1	671	671	1	712	712
Permanent	Skilled	Guaranteed package	1	595	595	1	1	1	623	623	1	649	649	1	677	677	1	717	717
Permanent	Professional	Guaranteed package	1	600	600	1	1	1	629	629	1	655	655	1	683	683	1	724	724
Permanent	Skilled	Guaranteed package	1	601	601	1	1	1	630	630	1	657	657	1	684	684	1	725	725
Permanent	Skilled	Guaranteed package	1	607	607	1	1	1	636	636	1	663	663	1	690	690	1	732	732
Permanent	Professional	Guaranteed package	1	611	611	1	1	1	640	640	1	667	667	1	695	695	1	736	736
Permanent	Professional	Guaranteed package	1	621	621	1	1	1	651	651	1	678	678	1	707	707	1	749	749
Permanent	Skilled	Guaranteed package	1	629	629	1	1	1	660	660	1	687	687	1	716	716	1	759	759
Permanent	Professional	Guaranteed package	1	630	630	1	1	1	660	660	1	688	688	1	717	717	1	760	760
Permanent	Professional	Guaranteed package	1	636	636	1	1	1	667	667	1	695	695	1	724	724	1	767	767
Permanent	Skilled	Guaranteed package	1	647	647	1	1	1	678	678	1	706	706	1	736	736	1	780	780
Permanent	Skilled	Guaranteed package	1	649	649	1	1	1	680	680	1	708	708	1	738	738	1	783	783
Permanent	Skilled	Guaranteed package	1	657	657	1	1	1	689	689	1	718	718	1	748	748	1	793	793
Permanent	Professional	Guaranteed package	1	675	675	1	1	1	708	708	1	737	737	1	768	768	1	815	815

Permanent	Professional	Guaranteed package	1	677	677	1	1	1	710	710	1	740	740	1	771	771	1	817	817
Permanent	Professional	Guaranteed package	1	687	687	1	1	1	720	720	1	750	750	1	782	782	1	829	829
Permanent	Skilled	Guaranteed package	1	688	688	1	1	1	721	721	1	751	751	1	783	783	1	830	830
Permanent	Skilled	Guaranteed package	1	694	694	1	1	1	727	727	1	758	758	1	790	790	1	837	837
Permanent	Professional	Guaranteed package	1	704	704	1	1	1	737	737	1	768	768	1	801	801	1	849	849
Permanent	Professional	Guaranteed package	1	710	710	1	1	1	744	744	1	776	776	1	808	808	1	857	857
Permanent	Professional	Guaranteed package	1	718	718	1	1	1	752	752	1	784	784	1	817	817	1	866	866
Permanent	Skilled	Guaranteed package	1	734	734	1	1	1	769	769	1	802	802	1	835	835	1	885	885
Permanent	Professional	Guaranteed package	1	736	736	1	1	1	772	772	1	804	804	1	838	838	1	888	888
Permanent	Professional	Guaranteed package	1	740	740	1	1	1	775	775	1	808	808	1	841	841	1	892	892
Permanent	Professional	Guaranteed package	1	748	748	1	1	1	784	784	1	817	817	1	852	852	1	903	903
Permanent	Professional	Guaranteed package	1	758	758	1	1	1	794	794	1	828	828	1	863	863	1	914	914
Permanent	Professional	Guaranteed package	1	765	765	1	1	1	802	802	1	836	836	1	871	871	1	923	923
Permanent	Professional	Guaranteed package	1	773	773	1	1	1	810	810	1	845	845	1	880	880	1	933	933
Permanent	Professional	Guaranteed package	1	780	780	1	1	1	818	818	1	852	852	1	888	888	1	941	941
Permanent	Professional	Guaranteed package	1	818	818	1	1	1	857	857	1	893	893	1	931	931	1	987	987
Permanent	Professional	Guaranteed package	1	821	821	1	1	1	861	861	1	897	897	1	934	934	1	990	990
Permanent	Professional	Guaranteed package	1	823	823	1	1	1	863	863	1	899	899	1	937	937	1	993	993
Permanent	Professional	Guaranteed package	1	832	832	1	1	1	872	872	1	909	909	1	947	947	1	1	1
Permanent	Middle Management	Guaranteed package	1	846	846	1	1	1	887	887	1	924	924	1	963	963	1	004	004
Permanent	Professional	Guaranteed package	1	847	847	1	1	1	887	887	1	925	925	1	963	963	1	1	1
Permanent	Professional	Guaranteed package	1	852	852	1	1	1	893	893	1	930	930	1	969	969	1	021	021
Permanent	Professional	Guaranteed package	1	865	865	1	1	1	906	906	1	945	945	1	984	984	1	1	1
Permanent	Professional	Guaranteed package	1	870	870	1	1	1	912	912	1	950	950	1	990	990	1	027	027
Permanent	Professional	Guaranteed package	1	871	871	1	1	1	913	913	1	951	951	1	991	991	1	043	043
Permanent	Professional	Guaranteed package	1	878	878	1	1	1	920	920	1	959	959	1	999	999	1	1	1
Permanent	Professional	Guaranteed package	1	879	879	1	1	1	921	921	1	960	960	1	1	1	1	049	049
Permanent	Professional	Guaranteed package	1	884	884	1	1	1	927	927	1	966	966	1	1	1	1	051	051
Permanent	Professional	Guaranteed package	1	903	903	1	1	1	946	946	1	986	986	1	1	1	1	059	059
Permanent	Professional	Guaranteed package	1	904	904	1	1	1	947	947	1	987	987	1	1	1	1	1	1
Permanent	Professional	Guaranteed package	1	906	906	1	1	1	949	949	1	989	989	1	1	1	1	060	060
Permanent	Professional	Guaranteed package	1	919	919	1	1	1	964	964	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package	1	922	922	1	1	1	967	967	1	1	1	1	1	1	1	067	067
Permanent	Professional	Guaranteed package	1	933	933	1	1	1	978	978	1	1	1	1	1	1	1	077	077
Permanent	Skilled	Guaranteed package	1	940	940	1	1	1	985	985	1	1	1	1	1	1	1	089	089
Permanent	Professional	Guaranteed package	1	943	943	1	1	1	989	989	1	1	1	1	1	1	1	090	090
Permanent	Professional	Guaranteed package	1	954	954	1	1	1	1	1	1	1	1	1	1	1	1	093	093
Permanent	Professional	Guaranteed package	1	988	988	1	1	1	000	000	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package	1	990	990	1	1	1	035	035	1	1	1	1	1	1	1	113	113
Permanent	Professional	Guaranteed package	1	993	993	1	1	1	038	038	1	1	1	1	1	1	1	126	126
Permanent	Professional	Guaranteed package	1	996	996	1	1	1	041	041	1	1	1	1	1	1	1	134	134
Permanent	Professional	Guaranteed package	1						043	043	1	1	1	1	1	1	1	138	138
																		151	151
																		192	192
																		194	194
																		198	198
																		201	201

Permanent	Professional	Guaranteed package	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
				016	016				065	065		110	110		156	156		226
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		023	023				072	072		118	118		164	164		234
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		023	023				073	073		118	118		165	165		234
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		044	044				094	094		140	140		188	188		260
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		050	050				101	101		147	147		195	195		267
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		050	050				101	101		147	147		195	195		267
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		079	079				131	131		178	178		228	228		302
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		091	091				143	143		191	191		241	241		316
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		094	094				146	146		195	195		245	245		319
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		105	105				158	158		207	207		257	257		333
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		151	151				206	206		257	257		309	309		388
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		178	178				234	234		286	286		340	340		420
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		217	217				275	275		328	328		384	384		467
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		274	274				335	335		391	391		450	450		537
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		276	276				337	337		393	393		452	452		539
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		277	277				338	338		394	394		453	453		540
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		285	285				347	347		403	403		462	462		550
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		287	287				349	349		405	405		464	464		552
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		289	289				351	351		408	408		467	467		555
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		309	309				372	372		430	430		490	490		579
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		315	315				378	378		436	436		496	496		586
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Performance bonus		332	332				395	395		454	454		515	515		606
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		406	406				473	473		535	535		600	600		695
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Performance bonus		414	414				482	482		544	544		609	609		706
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		421	421				489	489		551	551		616	616		713
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		426	426				494	494		557	557		622	622		720
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		450	450				519	519		583	583		650	650		749
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		520	520				593	593		660	660		730	730		834
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		531	531				604	604		672	672		742	742		846
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		531	531				604	604		672	672		742	742		846
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		535	535				609	609		677	677		747	747		852
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		629	629				708	708		779	779		854	854		965
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		660	660				739	739		812	812		889	889		1002
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		661	661				741	741		814	814		890	890		1004
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		671	671				751	751		825	825		901	901		1016
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Professional	Guaranteed package		672	672				752	752		825	825		902	902		1016
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Middle Management	Guaranteed package		691	691				772	772		847	847		924	924		1040
			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Permanent	Senior Management	Guaranteed package		704	704				786	786		861	861		939	939		1055

Permanent	Senior Management	Guaranteed package	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2
				731	731				815	815		891	891		970	970		088	088
Permanent	Middle Management	Guaranteed package	1	1	1	1	1	1	1	1	1	1	1	1	2	2	1	2	2
				789	789				875	875		954	954		036	036		158	158
Permanent	Middle Management	Guaranteed package	1	1	1	1	1	1	1	1	1	1	1	1	2	2	1	2	2
				802	802				889	889		968	968		051	051		174	174
Permanent	Middle Management	Guaranteed package	1	1	1	1	1	1	1	1	1	1	1	1	2	2	1	2	2
				817	817				905	905		985	985		068	068		192	192
Permanent	Senior Management	Guaranteed package	1	1	1	1	1	1	1	1	1	1	1	1	2	2	1	2	2
				829	829				917	917		997	997		081	081		206	206
Permanent	Middle Management	Guaranteed package	1	1	1	1	1	1	1	1	1	2	2	1	2	2	1	2	2
				901	901				992	992		076	076		163	163		293	293
Permanent	Senior Management	Guaranteed package	1	1	1	1	1	1	2	2	1	2	2	1	2	2	1	2	2
				946	946				040	040		126	126		215	215		348	348
Permanent	Middle Management	Guaranteed package	1	2	2	1	1	1	2	2	1	2	2	1	2	2	1	2	2
				012	012				109	109		197	197		290	290		427	427
Permanent	Senior Management	Guaranteed package	1	2	2	1	1	1	2	2	1	2	2	1	2	2	1	3	3
				568	568				691	691		805	805		922	922		098	098
Permanent	Senior Management	Guaranteed package	1	2	2	1	1	1	2	2	1	2	2	1	3	3	1	3	3
				658	658				786	786		903	903		025	025		207	207
Permanent	Executive Management	Guaranteed package	1	2	2	1	1	1	2	2	1	2	2	1	3	3	1	3	3
				732	732				864	864		984	984		109	109		296	296
Permanent	Executive Management	Guaranteed package	1	3	3	1	1	1	3	3	1	3	3	1	3	3	1	3	3
				133	133				283	283		421	421		565	565		778	778
Permanent	Executive Board	Guaranteed package	1	5	5	1	1	1	5	5	1	5	5	1	5	5	1	6	6
				072	072				316	316		539	539		772	772		118	118
Permanent Temporary/Contract	Member	Guaranteed package	33	23	703	33	33	33	42	1	33	41	1	33	42	1	33	41	1
	Professionals	Guaranteed package		196					213	279		643	262		989	303		386	254
TOTAL			207	220 646	1 066	207	207	207	267 716	1 293	207	275 748	1 332	207	286 777	1 385	207	298 248	1 441

ANNEXURE E: YEAR TO DATE PERFORMANCE

Outcomes	KPIs	2024/25 Revised Targets	YTD Actual	Corrective Measures
Investment Stimulus	1. Economic value added	R4.44bn	R2.9bn	<ul style="list-style-type: none"> The NEF is on course to reach this target as 65% of the target has been achieved in the first half of the year.
	2. Value invested	R1.5bn	R419.6m	<ul style="list-style-type: none"> Leverage existing portfolio by growing entrepreneurs to industrialists The NEF is considering investment to the tune of R1.8 billion during the current financial year.
	3. Number of new jobs created	10 500	749	<ul style="list-style-type: none"> The investment opportunities under consideration as indicated above are expected to create new jobs. The NEF has a pipeline of 46 308 jobs to be created in the current financial year.
Transformation	4. Number of fund SMEs	150	82	<ul style="list-style-type: none"> R606.3 million in the Aggregator, BI, and natural and cultural beneficiation programmes will unlock new SMEs. Enhance outreach programs to identify SMEs in underserved regions and sectors.
	5. Percentage of agri-businesses funded relative to number of SMEs	75	1	<ul style="list-style-type: none"> The current pipeline of R153 million will focus on projects on an advanced level. The Aggregator programme, through Goseame expansion programme will facilitate the support of agri-businesses.

				<ul style="list-style-type: none"> Support 10 USave Outlets in Townships and Rural Areas which will unlock other downstream businesses.
	6. Value of Disbursement to Black Industrialists	50%	44%	<ul style="list-style-type: none"> The NEF will leverage on existing portfolio to increase investments toward BIs. Such as Gemilatex and Thring Kunene among others. The NEF has committed to contributing R228.3 million towards the KPI.
	7. Percentage of disbursements to businesses owned by women, youth and people living with disability	50%	42%	<ul style="list-style-type: none"> Establish partnerships with women- and youth-focused business agencies to identify potential investees for funding. Increase marketing campaigns targeted at women, youth and people with disability.
	8. Number of people trained	3 000	1018	<ul style="list-style-type: none"> Identify and approach NEF investee companies for placements. Match unemployed graduates with suitable positions in investee companies. Collaborate with training providers to develop training modules.
	9. Number of operational and/or funded incubated businesses	9	N/A	<ul style="list-style-type: none"> Focus on growing incubates to the extent that they become funding ready and/or running operational businesses.

Catalytic Sectors	10. Percentage of value invested made in catalytic sectors	75%	43%	<ul style="list-style-type: none"> The NEF has created strategies and programmes to reallocate resources to catalytic sectors. Over R1.8 billion investment opportunities in these sectors are under consideration
Structural Reform	11. Percentage of value invested made to SMEs operating outside of the 5 main metros	45%	44%	<ul style="list-style-type: none"> The SMEs including the aggregator, and beneficiation programmes will be key. The pipeline is approximately R844 million focused in these areas.
Induced demand	12. Value of exports from supported SMEs	R75m	R59.6m	<ul style="list-style-type: none"> Partnerships with export agencies and trade bodies to help SMEs access international markets. Identify NEF investees with excess capacity and export potentials.
Development of a Capable State	13. Percentage of the portfolio impaired	30%	32.7%	<ul style="list-style-type: none"> The NEF continues to focus on strengthening post investment monitoring activities especially in businesses that reported high impairments.
	14. Collections against total amount invoiced	80%	86%	<ul style="list-style-type: none"> The positive variance is attributed to the success of an implementation focused on improving the portfolios collection.
	15. Percentage of Suppliers Paid Within 20 Days of receiving a valid invoice	80%	58%	<ul style="list-style-type: none"> Streamline internal approval processes and disbursement procedures to reduce delays in payments.

	16. Percentage of Investees Paid Within 45 Working Days of Commitment	80%	43%	<ul style="list-style-type: none">Streamline internal approval processes and disbursement procedures to reduce delays in payments.
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ANNEXURE F: SCENARIOS

F.1. Scenario 1: 6% of R100 billion 5-year investments target

Outcomes	KPIs	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
Transformation	Number of SMME's funded	150	1100	2000	3000	3750	10000
	Number of Subsistent Farmers	75	550	1000	1500	1875	5000
	Percentage to Black Industrialists	50%	50%	50%	50%	50%	50%
	Percentage of portfolio disbursed to businesses owned women, youth and people living with disability	35%	50%	50%	50%	50%	50%
	Number of people trained	675	4950	9000	13500	16875	45000
	Number of active incubated businesses.	9	66	120	180	225	600
Investment Stimulus	Economic Value Add	R4.5b	R32.9b	R64.1b	R103.2b	R139.7b	R344.4b
	Value of Investments	R1.5b	R11b	R20b	R30b	R37.5b	R100b
	Number of job opportunities created	10500	77000	140000	210000	262500	700000
Structural Reform	Investments made outside the 5 main metros	45%	45%	45%	45%	45%	45%
Induced demand	Value of revenues from exporting clients	R75m	R550m	R1b	R1.5b	R1.9b	R5b
Catalytic Sectors	Investments made to Catalytic sectors	75%	75%	75%	75%	75%	75%
Development of a Capable State	Percentage of portfolio impaired	30%	30%	30%	30%	30%	30%
	Collection ratio	80%	80%	80%	80%	80%	80%

F.2. Scenario 2: 30% of R100 billion 5-year investments target

Outcomes	KPIs	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
Transformation	Number of SMME's funded	80	300	600	900	1120	3000
	Number of Subsistent Farmers	40	150	300	450	560	1500
	Percentage to Black Industrialists	50%	50%	50%	50%	50%	50%
	Percentage of portfolio disbursed to businesses owned women, youth and people living with disability	35%	50%	50%	50%	50%	50%
	Number of people trained	360	1350	2700	4050	5040	13500
	Number of active incubated businesses.	5	19	38	56	70	188
Investment Stimulus	Economic Value Add	R2.5b	R9.5b	R19.7b	R31.5b	R42.2b	R105.4b
	Value of Investments	R800m	R3b	R6b	R9b	R11.2b	R30b
	Number of job opportunities created	5600	21000	42000	63000	78400	210000
Structural Reform	Investments made outside the 5 main metros	0,45	0,45	0,45	0,45	0,45	0,45
Induced demand	Value of revenues from exporting clients	R40m	R150m	R300m	R450m	R560m	R1.5b
Catalytic Sectors	Investments made to Catalytic sectors	75%	75%	75%	75%	75%	75%
Development of a Capable State	Percentage of portfolio impaired	30%	30%	30%	30%	30%	30%
	Collection ratio	80%	80%	80%	80%	80%	80%

F.3. Scenario 3: 60% of R100 billion 5-year investments target

Outcomes	KPIs	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
Transformation	Number of SMME's funded	90	660	1200	1800	2250	6000
	Number of Subsistent Farmers	45	330	600	900	1125	3000
	Percentage to Black Industrialists	50%	50%	50%	50%	50%	50%
	Percentage of portfolio disbursed to businesses owned women, youth and people living with disability	35%	50%	50%	50%	50%	50%
	Number of people trained	405	2970	5400	8100	10125	27000
	Number of active incubated businesses.	5	37	67	100	125	334
Investment Stimulus	Economic Value Add	R2.8b	R20b	R38.7b	R62.2b	R84.1b	R207.8b
	Value of Investments	R900m	R6.6b	R12b	R18b	R22.5b	R60b
	Number of job opportunities created	6300	46200	84000	126000	157500	420000
Structural Reform	Investments made outside the 5 main metros	0,45	0,45	0,45	0,45	0,45	0,45
Induced demand	Value of revenues from exporting clients	R45m	R330m	R600m	R900m	R1.1b	R3b
Catalytic Sectors	Investments made to Catalytic sectors	75%	75%	75%	75%	75%	75%
Development of a Capable State	Percentage of portfolio impaired	30%	30%	30%	30%	30%	30%
	Collection ratio	80%	80%	80%	80%	80%	80%

F.4. Scenario 4: 80% of R100 billion 5-year investments target

Outcomes	KPIs	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
Transformation	Number of SMME's funded	120	880	1600	2400	3000	8000
	Number of Subsistent Farmers	60	440	800	1200	1500	4000
	Percentage to Black Industrialists	50%	50%	50%	50%	50%	50%
	Percentage of portfolio disbursed to businesses owned women, youth and people living with disability	35%	50%	50%	50%	50%	50%
	Number of people trained	540	3960	7200	10800	13500	36000
	Number of active incubated businesses.	7	51	93	140	175	466
Investment Stimulus	Economic Value Add	R3.6b	R26.4b	R51.4b	R82.7b	R111.9b	R276.1b
	Value of Investments	R1.2b	R8.8b	R16b	R24b	R30b	R80b
	Number of job opportunities created	8400	61600	112000	168000	210000	560000
Structural Reform	Investments made outside the 5 main metros	0,45	0,45	0,45	0,45	0,45	0,45
Induced demand	Value of revenues from exporting clients	R60m	R440m	R800m	R1.2b	R1.5b	R4b
Catalytic Sectors	Investments made to Catalytic sectors	75%	75%	75%	75%	75%	75%
Development of a Capable State	Percentage of portfolio impaired	30%	30%	30%	30%	30%	30%
	Collection ratio	80%	80%	80%	80%	80%	80%

F.5. Scenario 5: 100% of R100 billion 5-year investments target

Outcomes	KPIs	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
Transformation	Number of SMME's funded	150	1100	2000	3000	3750	10000
	Number of Subsistent Farmers	75	550	1000	1500	1875	5000
	Percentage to Black Industrialists	50%	50%	50%	50%	50%	50%
	Percentage of portfolio disbursed to businesses owned women, youth and people living with disability	35%	50%	50%	50%	50%	50%
	Number of people trained	675	4950	9000	13500	16875	45000
	Number of active incubated businesses.	9	66	120	180	225	600
Investment Stimulus	Economic Value Add	R4.5b	R32.9b	R64.1b	R103.2b	R139.7b	R344.4b
	Value of Investments	R1.5b	R11b	R20b	R30b	R37.5b	R100b
	Number of job opportunities created	10500	77000	140000	210000	262500	700000
Structural Reform	Investments made outside the 5 main metros	0,45	0,45	0,45	0,45	0,45	0,45
Induced demand	Value of revenues from exporting clients	R75m	R550m	R1b	R1.5b	R1.9b	R5b
Catalytic Sectors	Investments made to Catalytic sectors	75%	75%	75%	75%	75%	75%
Development of a Capable State	Percentage of portfolio impaired	30%	30%	30%	30%	30%	30%
	Collection ratio	80%	80%	80%	80%	80%	80%

F.6. 5-year value of investments by scenario

Value of investment					
Scenario	0%	30%	60%	80%	100%
2024/25	R 1 000 000 000,00	R 800 000 000,00	R 900 000 000,00	R 1 200 000 000,00	R 1 500 000 000,00
2025/26	R 1 100 000 000,00	R 3 000 000 000,00	R 6 600 000 000,00	R 8 800 000 000,00	R 11 000 000 000,00
2026/27	R 1 210 000 000,00	R 6 000 000 000,00	R 12 000 000 000,00	R 16 000 000 000,00	R 20 000 000 000,00
2027/28	R 1 331 000 000,00	R 9 000 000 000,00	R 18 000 000 000,00	R 24 000 000 000,00	R 30 000 000 000,00
2028/29	R 1 464 100 000,00	R 11 200 000 000,00	R 22 500 000 000,00	R 30 000 000 000,00	R 37 500 000 000,00
Total	R 6 105 100 000,00	R 30 000 000 000,00	R 60 000 000 000,00	R 80 000 000 000,00	R 100 000 000 000,00

ANNEXURE G: ASSUMPTIONS

KPI	Assumptions
Economic Value Added	<ul style="list-style-type: none"> • Directly linked to the Value of Investments, thus the Transformation Fund
Value of Investments	<ul style="list-style-type: none"> • Availability of the Transformation Fund • Availability of the Investment Professionals in the market.
Number of New Jobs Created	<ul style="list-style-type: none"> • Average cost per job is R142 000 000
Number of SMEs	<ul style="list-style-type: none"> • Availability of capital • Average transaction size of R10 million
Number of funded agri-businesses	<ul style="list-style-type: none"> • Availability of capital
Value of Disbursement to Black Industrialists	<ul style="list-style-type: none"> • Availability of capital
Percentage of disbursements to businesses owned by women, youth and people living with disability	<ul style="list-style-type: none"> • Availability of capital
Number of people trained	<ul style="list-style-type: none"> • Conclusion of partnerships and MOUs with other government institutions (SITAs, DoL). • Willingness to participate by NEF Investees and trainees. • Availability of capital.
Number of operational and/or funded incubated businesses	<ul style="list-style-type: none"> • Number of incubated businesses. • Availability of capital.
Percentage of investments made to investees operating outside the 5 main metros	<ul style="list-style-type: none"> • Availability of capital.

Value of revenues from exporting investees	<ul style="list-style-type: none"> • Availability of capital • Export license • Custom registration
Percentage of investments made to investees operating in catalytic sectors	<ul style="list-style-type: none"> • Availability of capital. • Adequate training and capacity building interventions to support emerging and aspiring entrepreneurs.
Percentage of the portfolio impaired	<ul style="list-style-type: none"> • Extent of risk assumed
Collection ratio	<ul style="list-style-type: none"> • Favourable interest rate environment
Percentage of investees paid within 45 working days of commitment	<ul style="list-style-type: none"> • Third party processes as part of the collection of the conditions precedent are not more than 45 days
Percentage of suppliers paid within 20 days of receiving a valid invoice	<ul style="list-style-type: none"> • Availability finance systems

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West Block, 187 Rivonia Road, Morningside 2057, PO Box 31, Melrose Arch, Melrose North 2076
Tel: +27 (11) 305 8000 | Fax: +27 (11) 305 8001 | Call Centre: 0861 843 633 | 0861 (THE NEF)
applications@nefcorp.co.za (Funding) | info@nefcorp.co.za (General Enquiries)

Eastern Cape Province

7b Derby Road, Berea, East London 5241 | Tel: (043) 783 4200 | 0861 NEF ECP (0861 633 327)
Fax: 0861 ECP NEF (0861 227 633) | easterncape@nefcorp.co.za

Free State Province

34 Fountain Towers, Corner Zastron and Markgraaf Street, Westdene, Bloemfontein, 9300
Tel: (051) 407 6360 | 0861 NEF FSP (0861 633 377) | Fax: 0861 FSP NEF (0861 377 633)
freestate@nefcorp.co.za

KwaZulu-Natal Province

4th Floor (South Side), Orindod Bank Building (Old KPMG Building),
5 Arundel Close, Kingsmead Office Park, Durban | Tel: (031) 301 1960 | 0861 NEF KZN (0861 633 596)
Fax: 0861 KZN NEF (0861 596 633) | kzn@nefcorp.co.za

Limpopo Province

Suite 9, Bliccard Park, 43 Bliccard Street, Polokwane 0699 | Tel: (015) 294 9200 | 0861 NEF UM (0861 633 546)
Fax: 0861 LIM NEF (0861 546 633) | limpopo@nefcorp.co.za

Mpumalanga Province

13 Ferreira Street, Maxsa Building, 2nd floor, Nelspruit | Tel: (013) 754 9860 | 0861 NEF MPU (0861 633 678)
Fax: 0861 MPU NEF (0861 678 633) | mpumalanga@nefcorp.co.za

Northern Cape Province

Block Three, Ground floor, The Montro Corporate Park, 10 Oliver Road, Monument Heights, Kimberley
Tel: 0861 NEF NCP (0861 633 627) | Fax: 0861 NCP NEF (0861 627 633) | northerncape@nefcorp.co.za

North West Province

32B Heystek Street, Sunetco Office Park, Ground Floor, Rustenburg, 0299
Tel: (014) 523 9220 | 0861 NEF NWP (0861 633 697)
Fax: 0861 NWP NEF (0861 697 633)
northwest@nefcorp.co.za

Western Cape Province

Suite 2815, 28th Floor, ABSA Centre, 2 Riebeeck Street, Cape Town 8001
Tel: (021) 431 4760 | 0861 NEF WCP (0861 633 927)
Fax: 0861 WCP NEF (0861 927 633)
westerncape@nefcorp.co.za



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