KWAZULU-NATAL GROWTH FUND AGENCY

STRATEGIC PLAN 2025-2030

KZN GROWTH FUND • AGENCY •

Inspired Investing

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EXECUTIVE AUTHORITY STATEMENT

Rev. Musa Zondi, MPL
MEC for Economic Development, Tourism and Environmental Affairs

The KwaZulu-Natal Growth Fund Agency's (KZNGFA) Strategic Plan 2025-2030 expresses the Agency's intention to contribute to our Province's final push to fulfil the commitments made regarding the implementation of the National Development Plan and the KZN Provincial Growth and Development Strategy.

The Agency is indispensable for economic growth in our Province. The Government of KwaZulu-Natal (KZN), working together with various partners, is determined to be targeted in addressing the socio-economic challenges facing the inhabitants of our province. In this regard, the KZNGFA Strategic Plan 2025-2030 seeks to pursue catalytic investments, strive for economic inclusion, and ensure sustainable development through paying attention to environmental, social and governance (ESG) imperatives to ensure leadership stability and restore confidence among current and potential strategic partners.

The KZNGFA Strategic Plan 2025-2030 seeks to align with the Province's economic priorities, including accelerating job creation for the youth; infrastructure development; enterprise development, including the development of small, medium and micro-enterprises (SMMEs) for women, youth and persons with disabilities in townships and rural areas; enhanced public-private partnerships; and concentrating on developing black industrialists in the Province's key economic sectors, such as manufacturing, agriculture and agro-processing, power and energy, mining, tourism, transport and logistics and telecommunications.

As the KZNGFA's Executive Authority, I fully endorse the Strategic Plan 2025–2030 and am committed to working closely with the Accounting Authority and Board to provide strategic guidance and support for its successful implementation.

REV. MUSA ZONDI, MPL
MEC FOR ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS

AUTHORITY STATEMENT

R Cassius Lubisi, PhD
Chairperson: KZN Growth Fund Agency

This five-year Strategic Plan of the KwaZulu-Natal Growth Fund Agency (KZNGFA), approved by the Board of Directors, affords us an opportunity to align our vision as carefully laid out in the statement of our Executive Authority above, our resources and our efforts towards driving inclusive economic growth, creating sustainable jobs and addressing the economic challenges facing our Province of KwaZulu-Natal (KZN).

Before we delve into the future, let us pause to reflect on what this agency represents and the progress we have made. The KZN Growth Fund has been a cornerstone in attracting investment into high-impact sectors such as manufacturing, agriculture, and infrastructure development, all of which are critical to the economic trajectory of KZN. Through strategic investments, we have supported creating jobs, helping to address one of the province's most pressing challenges—unemployment. However, we have not been as successful as we had hoped in advancing women and youth interests in the past five years.

Our ability to mobilise private sector funding alongside public resources demonstrates the potential of partnerships to unlock value and deliver impactful projects. However, our inability to convert such partnerships into actionable programmes has led to lost opportunities due to conditions precedent that we, as an agency, could not meet. With the ongoing process of filling key vacancies and meeting other critical conditions precedent, we stand ready to unlock great value from potential partnerships with the private sector, other development finance agencies, and multilateral development banks.

Despite the economic disruptions caused by global and local factors—ranging from the COVID-19 pandemic through social unrest to severe climate incidents leading to natural disasters such as devastating floods and fires — we have remained committed to fulfilling our mandate. While these achievements are commendable, they are not enough. The reality is that KwaZulu-Natal faces persistent challenges that require bold and innovative solutions.

As we look ahead, we must recognise the rapidly changing economic and social landscape in which we operate. The period 2025–2030 will bring both challenges and opportunities. KZN must emerge as a leader in driving economic recovery for South Africa, in line with the Economic Reconstruction and Recovery Plan. The KZN Growth Fund Agency must be at the forefront of enabling growth in key sectors, particularly through catalytic infrastructure and green investments.

High unemployment, particularly among youth and women, demands targeted interventions by the Agency. We must support sectors and projects that create sustainable, large-scale employment opportunities, especially for youth, women, and persons with disabilities. We have to be bold as we chart the way ahead for the next Medium-Term Development Plan. We cannot do the same things and hope for different results!

As signalled above, with increasing vulnerability to climate change, we must integrate sustainability and resilience into all our investments. Green financing and renewable energy initiatives must feature prominently in our strategy. For humanity and the residents of the eastern seaboard of South Africa, including KwaZulu-Natal, this is a matter of life and death!

The Fourth Industrial Revolution (4IR) presents both opportunities and risks. As a development finance institution (DFI), we must consider funding projects that leverage technology to enhance productivity and competitiveness. Failure to do so in the age of Artificial Intelligence (AI), generative AI, Robotics, machine learning and nano-technology, among others, will render the KZNGFA obsolete in the foreseeable future.

The appetite for investment is shifting. Our strategy seeks to adapt to attract both domestic and foreign investors in a highly competitive environment. We need to, therefore, diversify our investment partnerships to include all geopolitical and geoeconomic regions of our globe, including the BRICS+ countries, the broader Global South, our traditional trading partners of the Global North, and, more importantly, our African Continent, especially in the context of the African Continental Free Trade Area (AfCFTA).

As custodians of this Agency, we, as the Board of Directors, have a profound responsibility to ensure that the KZN Growth Fund Agency delivers on its mandate of fostering inclusive growth and economic transformation by supporting Black industrialists within its funding range. Over the next five years, we must prioritise the identification and funding of projects with high multiplier effects, particularly in underdeveloped regions of the province, including rural areas, as directed by the MEC, Rev Musa Zondi, in his inaugural Budget Vote Speech in 2024 as well as in his Statement above; positioning the Growth Fund Agency as a trusted partner for the private sector, leveraging public funds to crowd in private sector investment; directing our investments to empower historically disadvantaged communities, especially women and youth entrepreneurs; focusing on high-growth sectors such as agro-processing, renewable energy, logistics, and digital industries; and strengthening internal systems to ensure that we are agile, efficient, and impactful in executing our mandate.

I wish to acknowledge the invaluable contributions of the countless number of role players and partners who contributed to the formulation of this Strategic Plan. These include the MEC for Economic Development, Tourism and Environmental Affairs, the Department of EDTEA, the Board of the KZNGFA, and the executive management and colleagues of the KZNGFA. We shall walk side-by-side to work towards achieving the transformative agenda of this Strategic Plan 2025-2030.

R. CASSIUS LUBISI, PHD
CHAIRPERSON: KZN GROWTH FUND AGENCY
ON BEHALF OF THE ACCOUNTING AUTHORITY

CHIEF EXECUTIVE OFFICER STATEMENT

MS BOITUMELO IKANENG
ACTING CHIEF EXECUTIVE OFFICER

In his address on the occasion of the Opening of Parliament, President Ramaphosa outlined the three strategic priorities of the seventh administration under the Government of National Unity (GNU). Of significance is that inclusive economic growth tops the developmental agenda and is placed at the centre of the GNU's work. President Ramaphosa reminded us that inclusive growth must “drive the redistribution of wealth and opportunity” and “support the empowerment of black South Africans and women, and all those who in the past had been relegated to the fringes of the economy.” Equally so, Premier Ntuli, in delivering the KZN State of the Province Address, committed to “the development of small, youth and women-owned businesses through partnerships and incubation” as well as the township and rural economies as important elements of socio-economic transformation.

At a time of heightened economic and social challenges, the KwaZulu-Natal Growth Fund Agency (KZNGFA) stands at a pivotal crossroads. The journey ahead involves sustaining the agency’s existence and redefining its relevance, authority, and impact in transforming the province. We must break through traditional limits by embracing innovation and exploring new opportunities to fulfil a bold vision and strategy, extending our reach beyond conventional financing and championing initiatives that elevate our role as a developmental powerhouse.

Acknowledging past challenges, the KZNGFA is committed to restoring its image. This entails demonstrating accountability, eliminating inefficiencies, and delivering results that inspire confidence among beneficiaries, investors, and partners. Over the next five years, we must re-establish our legitimacy and build on this momentum to solidify our credibility. This involves enhancing trust with stakeholders through transparent governance, measurable outcomes, and an unwavering commitment to fulfilling our mandate. By focusing on inclusive growth and driving impactful projects, the agency must ensure that it is central to KwaZulu-Natal's socio-economic progress.

In the age of digital transformation, technology will act as KZNGFA’s strongest ally. By diversifying our financing models and automating internal operations, the agency can maximise efficiency while meeting the evolving needs of its beneficiaries.

To achieve our strategy, we will cultivate visionary leadership within our agency, empowering staff to drive progress with passion and precision. Aligning internal strategies with external opportunities will support our commitment to inclusive growth, ensuring that we remain central to KwaZulu-Natal's socio-economic advancement.

As we implement this new five-year strategy, we acknowledge the invaluable support from our Board, led by Dr. RC Lubisi, and the MEC for Economic Development, Tourism, and Environmental Affairs. With the collective effort of executive management and all KZNGFA staff, we are confident in realising our vision of being KwaZulu-Natal’s leading development finance institution and impact investor, ultimately fostering inclusive economic growth for all.

B.Ikaneng

MS BOITUMELO IKANENG
ACTING CHIEF EXECUTIVE OFFICER

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of the KZN Growth Fund Agency under the guidance of the KZN Growth Fund Agency Board and Rev. Musa Zondi (MEC for Economic Development, Tourism and Environmental Affairs) in his capacity as the Executive Authority.
- Takes into account all relevant policies, legislation and other mandates for which the KZN Growth Fund Agency is responsible.
- Accurately reflects the impact and outcomes that the KZN Growth Fund Agency will endeavour to achieve over the medium-term strategic period 2025-2030.

Ms B Ikaneng

Signature: B.Ikaneng ____________________

Acting Chief Executive Officer

Approved by:

Rev. Musa Zondi, MPL

Signature: ______________________________

Executive Authority

ABBREVIATIONS AND ACRONYMS

B-BBEE	Broad-Based Black Economic Empowerment
CSI	Corporate Social Investment
EDTEA	Department of Economic Development, Tourism and Environmental Affairs
DPME	Department of Planning, Monitoring and Evaluation
DTIC	Department of Trade, Industry and Competition
ECB	European Central Bank
EMDE	Emerging Market and Development Economy
ESG	Environmental, Social and Governance
FDI	Foreign Direct Investment
FSCA	Financial Sector Conduct Authority
GDE	Gross Domestic Expenditure
GDP	Gross Domestic Product
GNU	Government of National Unity
GVA	Gross Value Add
IC	Investment Committee
IRC	Internal Risk Committee
KZN	KwaZulu Natal
KZNGFA	KwaZulu Natal Growth Fund Agency
KZNGFA Act	KwaZulu Natal Growth Fund Agency Act of 2024
KZNGFT	KwaZulu Natal Growth Fund Trust
MTDP	Medium-Term Development Plan
NDP	National Development Plan
NPL	Non-Performing Loan
PFMA	Public Finance Management Act of 1999
PMDS	Performance Management and Development System
PPP	Private Public Partnerships
QLFS	Quarterly Labour Force Survey
RBIDZ	Richards Bay Industrial Development Zone
SARB	South African Reserve Bank
SAQA	South African Qualifications Authority
SEDFA	Small Enterprise Development and Finance Agency
SMME	Small, Medium and Micro Enterprises
TIKZN	Trade and Investment KwaZulu Natal
USA	United States of America

PART A: OUR MANDATE

1. OVERVIEW

The KZN Growth Fund Agency (KZNGFA) is a pivotal institution in advancing economic empowerment and growth within KwaZulu-Natal. Established in 2008 by the Department of Economic Development, Tourism and Environmental Affairs (EDTEA), the KZNGFA was designed to promote broad-based Black economic empowerment (B-BBEE), create jobs and stimulate economic development. In 2024, the KZNGFA transitioned into a provincial public entity under the Public Finance Management Act of 1999 (Act No. 1 of 1999, as amended), inheriting all rights, duties, and obligations from the KZN Growth Fund Trust.

The KZNGFA is structured to finance medium to large-scale private sector projects. Its primary focus is on co-funding and funding catalytic investments in sectors that align with its mandate and investment policy. The agency has committed nearly R1 billion over the past decade to projects across key sectors such as healthcare, manufacturing, telecommunications, and logistics. The KZNGFA is crucial in supporting national initiatives like the Black Industrialist Scheme (BIS), which promotes Black industrialists through strategic partnerships. This alignment with national policies underscores its commitment to fostering an inclusive economy. The agency's efforts have resulted in significant job creation, with nearly 10 000 jobs generated through funded projects and the potential to create an additional 20 000 jobs.

> *"Economic transformation and inclusive growth remain key economic growth and development pillars. We will pay deliberate attention to the development of small, youth, and women-owned businesses through partnerships and incubation. The township and rural economies are important elements of socio-economic transformation. It cannot be, that our people in townships and rural areas are robbed of these opportunities"* – **Premier T Ntuli, State of the Province Address, July 2024**

Looking ahead over the next five-year period, the KZNGFA aims to enhance its impact by establishing a limited liability Equity Fund Partnership designed to manage third-party funds. This initiative represents a first for provincial government-led efforts and aims to raise R700 million, ultimately capitalising the equity fund to R1 billion. The KZNGFA's revised investment policy emphasises radical economic transformation and prioritises reindustrialisation to benefit marginalised groups, including youth and women. Through its strategic initiatives, the KZNGFA supports economic growth and addresses socio-economic inequalities by promoting sustainable business practices and creating a more equitable environment for all stakeholders.

2. CONSTITUTIONAL MANDATE

The Constitution of the Republic of South Africa (1996) is the supreme legal framework governing the nation. Chapter 2 (Bill of Rights) enshrines essential rights for all citizens. Notably, this includes the freedom of trade, occupation, and profession (Section 22) and the right to a healthy environment (Section 24), both critical for fostering economic development and well-being. Under Schedules 4 and 5 of the Constitution, provincial governments are empowered to oversee various economic development areas such as agriculture, industrial promotion, trade, and urban development. This constitutional framework guides the operational strategies of entities like the KZNGFA.

In line with its mandate under the KZN Growth Fund Agency Act, the KZNGFA is committed to implementing its design, construction, operation, and management practices in an environmentally sustainable manner. This approach not only adheres to constitutional obligations but also supports broader economic development goals. The KZNGFA's initiatives reflect a commitment to both economic empowerment and environmental stewardship. This dual focus is essential for achieving long-term sustainable development in KwaZulu-Natal, ensuring that projects contribute positively to both the economy and community well-being.

3. LEGISLATIVE AND POLICY MANDATES

The following pieces of legislation and policies govern the mandate and work of the KZNGFA.

3.1 KwaZulu-Natal Growth Fund Agency Act, 2024 (Act No. 4 of 2024)

The KZNGFA operates under a legislative framework that defines its core objectives, which are essential for driving economic development and social progress in KwaZulu-Natal. These objectives are strategically aligned to foster sustainable growth and inclusivity across various sectors, as follows:

- **Job Creation and Economic Development**: The KZNGFA is dedicated to facilitating sustainable job creation by funding projects that stimulate economic growth within KwaZulu-Natal. This includes supporting infrastructure development and initiatives that contribute to economic success and social well-being.

- **Promoting Black Economic Empowerment (B-BBEE)**: The KZNGFA's key focus is accelerating broad-based Black economic empowerment by providing financial support to Black industrialists and entrepreneurs. This initiative aims to reduce inequality and promote inclusivity in economic opportunities, thereby enhancing the province's socio-economic landscape.

- **Financing Qualified Private Sector Projects**: The agency offers accessible debt and equity funding for private sector projects that meet specific criteria, including financial viability and socio-economic impact. By targeting businesses and sectors that align with its strategic goals, the KZNGFA fosters industrialisation and innovation.

- **Supporting Inclusive and Sustainable Growth**: The KZNGFA invests in projects that create employment and enhance environmental and social outcomes. By enabling a diverse range of industries to thrive, the agency strengthens KwaZulu-Natal's economy while promoting sustainable practices.

- **Building an Enabling Economic Environment**: The KZNGFA is committed to creating conditions conducive to inclusive economic growth by fostering investment opportunities and addressing barriers to entry. This long-term development focus enables businesses to grow and significantly contribute to the provincial economy.

Through these strategic objectives, the KZNGFA positions itself as a catalyst for economic transformation in KwaZulu-Natal, ensuring that its initiatives align with broader national goals of empowerment, sustainability, and inclusive growth.

3.2 Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended)

The KwaZulu-Natal Growth Fund Agency Act, 2024 (Act No. 4 of 2024) confirms that the KZNGFA is subject to schedule 3 of the Public Finance Management Act (PFMA).

3.3 Protection of Personal Information Act, 2013 (Act No. 4 of 2013)

The Protection of Personal Information Act (POPIA) is intended to promote the right to privacy as stipulated in the Constitution while at the same time protecting the flow of information and advancing the right of access to and protection of information.

3.4 Medium-Term Development Plan 2024-2029

In the Opening of Parliament on 18 July 2024, President Cyril Ramaphosa emphasised the Government of National Unity's commitment to advancing three strategic priorities over the next five years.

Figure 1: Medium-Term Development Plan (MTDP) Priorities

The statement of intent outlines the core principles and priorities agreed upon by the members of the Government of National Unity (GNU). It serves as a foundation for the minimum programme, which specifies high-level priority actions to implement these principles. From this framework, a detailed medium-term plan is developed to operationalise the identified high-level actions. The minimum programme of priorities for the period 2024-2029 is the following:

Figure 2: Minimum Programme of Priorities for 2024-2029

STRATEGIC PRIORITY	OUTCOMES (2024-2029)
Inclusive growth and job creation	• Increased employment opportunities • Re-industrialisation, localisation, and beneficiation • Enabling an environment for investment and improved competitiveness through structural reforms • Increased infrastructure investment and job creation • Energy security and a just energy transition • Supportive and sustainable economic policy environment • Increased investment, trade, and tourism • Science, technology, and innovation for growth
Reduce poverty and tackle the high cost of living	• Reduced poverty and improved livelihoods • Optimised social protection and coverage. • Improved access to affordable and quality healthcare • Improved education outcomes and skills • Skills for the economy • Social cohesion and nation-building
Build a capable, ethical, and developmental state	• Improved service delivery at local government • Improve governance and performance of public entities. • A capable and professional public service • Safer communities and increased business confidence • Effective border management and development in Africa

The MTDP identifies several critical success factors for implementing programmes to address these priorities. A "whole of government approach" is essential for effectively implementing the MTDP through improved coordination and execution. This requires reforms in organisational structures to enhance service delivery and eliminate duplication, including clear delineation of roles and responsibilities and re-engineering of business processes. Continuing the economic structural reform programme across various sectors is necessary to support inclusive growth, foster competition and create conditions conducive to both private and public investment as well as employment growth. Strengthening local government delivery performance is crucial, necessitating a review of policies and legislation to empower local authorities.

3.5 Provincial Growth and Development Strategy 2035

The Provincial Growth and Development Strategy (PGDS), approved in 2016, identifies seven strategic goals, including inclusive economic growth (goal 1) and strategic infrastructure (goal 4), which are critical for THE KZNGFA's mandate and performance. To achieve inclusive economic growth, the objectives set out are to develop and promote the agricultural potential of KZN; enhance sectoral development through trade investment and business retention; enhance spatial economic development; improve the efficiency, innovation and variety of government-led job creation programmes; promote SMME and entrepreneurial development; and enhance the knowledge economy. The KZNGFA can support the attainment of these strategic goals by enhancing agricultural potential, promoting trade investment, improving job creation programmes, and fostering entrepreneurship through a multifaceted approach. This can include investments in Agri-hubs to strengthen the agricultural value chain, partnerships with agricultural research and development entities to facilitate access to resources and training, targeted funding for key sectors, promoting local markets, ensuring that funding projects are spread across various municipalities in KwaZulu-Natal to promote balanced regional development and the incorporation of technology.

With regard to strategic infrastructure (goal 4 of the PGDS), the objectives set out are to develop seaports and airports; develop road and rail networks; develop ICT infrastructure; ensure availability and sustainable management of water and sanitation for all; and ensure access to affordable, reliable, sustainable and modern energy for all. The KZNGFA can also support the attainment of these strategic goals through a strategic approach that leverages public-private partnerships, targeted investments, and collaborative initiatives. These include attracting private investment for the expansion and modernisation of seaports and airports, financing medium to large-scale infrastructure projects that improve logistics and trade capabilities in KwaZulu-Natal, targeted Investment in transportation, prioritise funding for projects that will have the most significant economic impact, invest in sustainable water management systems, and fund renewable energy initiatives.

3.6 Industrial Policy & Strategy Review (May 2024)

The DTIC undertook a review in May 2024 of the Industrial Policy and Strategy relating to industrial policy interventions since 1994. The review proposes anchor initiatives, some of which include:

- Rapid scaling-up of infrastructure spending should be a top priority. There is a need to increase levels of investment in fixing public infrastructure, drawing on private and public sector resources, with a combination of delivery mechanisms. The priorities will be to improve electricity and freight transport for established businesses and to qualitatively upgrade infrastructure to support economic activities in working-class communities and townships, especially by providing industrial, commercial, and cultural centres.
- Green industrialisation will build on existing initiatives and scale up electric vehicles, green hydrogen production and processing of critical minerals, particularly for the battery value chain. This would revitalise efforts around renewable energy components.
- South Africa must support competitive industries, but industrial policy must also do more to structurally increase the rate of investment in industrial activities that can address the deficit in employment and self-employment.
- Existing measures are to be scaled up to promote transformation. This work programme can be complemented by additional funding support for Black industrialists, small businesses, and township entrepreneurs, which should seek to expand the number of

Black-owned businesses benefiting from the Black Industrialist programme to 2,000 firms.

- The next phase of labour market reform is to promote greater job creation within a decent-work policy framework. It must also drive a new skills development focus to address tectonic shifts in economies, from the rise of Artificial Intelligence (AI) to the disruptions accompanying urgent climate action.
- Building on prior spatial industrial programmes and the District Development Model (DDM), at least five secondary cities will be targeted for pilot industrial policy partnerships. These partnerships should aim to mutually develop a regional industrial plan around select secondary cities and create shared capacity between the municipality and national government for common industrial policy tasks like export promotion, investment promotion and company-level financing and support.
- Policy coordination should continue to be a priority, as effective industrial policy requires a unified approach. It should be part of a broader economic strategy that promotes inclusive growth and job creation. Other policy interventions should support the economic strategy.
- Realising the programmes will require improvements in underlying state capacity and better utilisation of the skills and resources available within the state. Experience has demonstrated how cross-departmental or cross-agency teams are often best placed to deliver on critical objectives.
- Masterplans will continue serving as the coordinating structure for sector-led development plans. A range of industry-level objectives will also be pursued to increase production and, on that basis, employment. New industrial opportunities in various sectors provide a significant source of growth for South Africa.

The KZNGFA can play a vital role in supporting the outlined initiatives aimed at enhancing infrastructure, promoting industrialisation, and fostering economic growth in KwaZulu-Natal. These include:

- The rapid scaling-up of infrastructure spending, wherein the KZNGFA can facilitate public and private sector investments in infrastructure projects and create funding mechanisms that attract private capital to complement public spending. It can also establish partnerships with municipalities and public entities to identify critical infrastructure needs, ensuring that investments are directed towards projects that support established businesses and communities.
- Support competitive industries through tailored financial products that demonstrate potential for growth and employment creation. This includes expanding funding for sectors identified as critical within the national industrial policy framework.
- Promote transformation and Black industrialists through increased funding support aiming to expand the number of beneficiaries under the Black Industrialist Programme. It could also implement mentorship programmes that provide guidance and support to emerging Black-owned businesses, enhancing their capacity to compete in the market.
- Pilot industrial policy partnerships in secondary cities to develop regional industrial plans.
- Utilise the masterplans for sector-led development initiatives, which could identify industry-level objectives to increase production and job creation across various sectors.

3.7 Other Strategies and Policies

THE KZNGFA's operations are also guided by several other policies and strategies, including the Green Economy Framework, Provincial Spatial Economic Development Strategy (PSEDS), Investment Promotion Strategy, SMME strategy, Youth Economic Empowerment Strategy, and Informal Economic Policy.

4. INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

The KZNGFA has considered pertinent national and provincial plans and priorities when developing this strategic plan to ensure appropriate alignment that can further KwaZulu-Natal's and South Africa's developmental goals.

4.1 Investment Policy

The KZNGFA's approved investment policy is aligned with the National Development Plan (NDP) and Provincial Growth and Development Plan (PGDP), as well as relevant policies and strategies (e.g., New Growth Path, Industrial Policy Action Plan II, etc.). It also sets out the basis for the Agency's investments in unlocking growth, mainstreaming B-BBEE, and creating sustainable jobs in the economy. In line with this policy, the KZNGFA finances projects within the target sectors in areas where traditional financial institutions have not adequately addressed gaps or backlogs in economic development and job creation. The KZN Growth Fund Agency (KZNGFA) strategically targets several key sectors to promote sustainable economic development and job creation in KwaZulu-Natal.

The focused sectors include:

- **Tourism**: Investment in sustainable tourism infrastructure and enabling environments.
- **Water and Sanitation**: Development of infrastructure for water supply, purification, wastewater treatment, and sanitation services.
- **Power and Energy**: Funding for energy generation and distribution from various sources, including renewable options.
- **Transportation and Logistics**: Infrastructure for transportation systems, including roads, railways, airports, and ports.
- **Telecommunications**: Infrastructure to enhance access to communication services.
- **Manufacturing**: Support for manufacturing facilities to boost local production.
- **Agriculture and Agricultural Processing**: Investment in crop farming infrastructure, irrigation systems, and controlled livestock rearing.
- **Healthcare Infrastructure**: Funding for private healthcare facilities.
- **Mining and Mineral Beneficiation**: Infrastructure related to mining activities.

Additionally, the KZNGFA considers other sectors that align with its objectives, such as commercial property development, information, and communication technology (ICT), and aquaculture. This strategic focus aims to stimulate economic growth while addressing social inequalities through targeted investments.

4.2 Equity Investments

The KZNGFA integrates equity investments as a core aspect of its business strategy, targeting specific economic sectors, geographic areas, and business types outlined in its Investment Policy. These equity investments are crucial for the Agency's financial sustainability and include various funding mechanisms such as ordinary shares, shareholder loans, convertible debt, mezzanine finance with equity profit participatory rights, equity derivatives, and preference shares. Investment performance is categorised into three classifications: non-performing, underperforming, and performing. Each category is managed according to established risk profiles, with ongoing monitoring to implement preventive measures for clients showing signs of distress.

All investments come with clearly defined exit clauses that are activated under specific conditions, including:

- Achievement of investment objectives.
- Realisation of returns equal to or exceeding holding the investment.
- Assessment of non-performance with limited turnaround prospects.
- Maturity of the investment.
- The investee's capability to thrive independently of THE KZNGFA support.
- A determination that THE KZNGFA's influence is no longer material.

These strategic frameworks ensure that the KZNGFA effectively manages its portfolio while fulfilling its developmental mandate to stimulate economic growth and job creation in KwaZulu-Natal.

5. RELEVANT COURT RULINGS

There have not been any court rulings that have had a significant and ongoing impact on THE KZNGFA’s operations or service delivery obligations.

However, the ruling of the Gauteng High Court in the case of Simphiwe Hamilton v. MEC for Economic Development and the Gauteng Growth and Development Agency (GGDA) by Judge Holland-Muter regarding the appointment of Mr Hamilton as the Group Chief Executive Officer (GCEO) of the GGDA must be taken into account. The court confirmed that Mr Hamilton's appointment was valid as it complied with legislative requirements. The court noted that the MEC’s actions to dissolve the Board and her challenges to Hamilton's appointment were not substantiated adequately. The MEC's claim regarding non-communication about Mr Hamilton’s appointment was dismissed as she had previously extended his acting term without raising such concerns. Overall, this judgment serves as a critical reference point for governance in South African public entities, emphasising adherence to legal frameworks, clarity in roles and procedural integrity. It prompts reforms to enhance transparency and accountability within public sector appointments across various entities.

In the matter related to CSP Concepts (Pty/Ltd) trading as CSP Poultry, heard in the KwaZulu-Natal Consumer Tribunal (Case Number: KZNCT03/2023), the then KZNGFT was the fourth respondent. One of the orders sought was a refund to the KZNGFT for the full amount of R195 850-00, which was the total amount paid to the defendant for the total goods ordered and paid for in full. Accordingly, the Tribunal ordered the full payment with interest to the KZNGFT and, in doing so, also noted that “EDTEA and the KZN Growth Fund Trust, the third and fourth plaintiffs respectively, owe it to the South African taxpayers to protect them from the likes of the Defendant.”

The case involving CSP Concepts (Pty/Ltd) trading as CSP Poultry, heard by the KwaZulu-Natal Consumer Tribunal, has significant implications for the THE KZNGFA. The Tribunal's decision to order a refund of R195 850.00 to the KZNGFT, along with interest, highlights several key points regarding the responsibilities and role in safeguarding public funds. The Tribunal's ruling emphasised the need for enhanced accountability. As a public entity responsible for managing taxpayer funds, the KZNGFA must ensure that it engages with reliable partners and conducts thorough due diligence before disbursing funds. The failure to receive goods and services after payment could undermine public trust. It also sets a legal precedent regarding the obligations of public entities when they engage in transactions with private companies. The Tribunal noted that the KGFT, along with EDTEA, must act to protect taxpayers from fraudulent practices. This may require stricter regulatory frameworks or guidelines governing how public funds are allocated and managed in future projects. The public nature of this case could also damage the reputation of the Agency, as it raises questions about the effectiveness in protecting taxpayer interests. Moving forward, the KZNGFA must implement measures to restore confidence among stakeholders, including potential reforms in its operational practices and transparency in its dealings. This case serves as a critical reminder for the KZNGFA about its fiduciary responsibilities and the importance of safeguarding public funds against mismanagement and fraud.

PART B: OUR STRATEGIC FOCUS

1. INTRODUCTION

The KZN Growth Fund Agency (KZNGFA) is strategically positioned to drive economic transformation in KwaZulu-Natal by investing in initiatives that enhance job creation, promote Broad-Based Black Economic Empowerment (B-BBEE), and reduce social inequalities. Established in 2008, the KZNGFA focuses on financing medium to large-scale sustainable private sector projects, aiming to unlock over R3 billion in investments through partnerships with commercial banks for debt financing. To further its mission, the KZNGFA is launching a limited liability Equity Fund Partnership, marking a pioneering effort by a provincial government entity to create a fund with developmental impact. This initiative aligns with the agency's revised investment policy, emphasising reindustrialisation as a top priority to foster inclusive economic growth that benefits marginalised groups, including youth, women, and people with disabilities. Key features of the KZNGFA's portfolio include the industrialisation challenges, infrastructure development, skills development, and entrepreneurship development. The KZNGFA's dual-benefit approach allows recipients of its funding to share the risks associated with starting new businesses while contributing to a sustainable socio-economic environment. By focusing on these strategic areas, the KZNGFA aims to create significant employment opportunities and stimulate economic activity across the province.

In the 2024 State of the Province Address (SOPA), Premier Ntuli outlined a comprehensive economic plan to revitalise the provincial economy following the challenges posed by the COVID-19 pandemic, social unrest, and natural disasters. In line with the 3 strategic priorities articulated in the MTDP, some of the key economic initiatives include:

- Major investment projects (e.g. Dube Tradeport and Richards Bay).
- Financial and technical recovery support to businesses impacted by recent unrest and natural disasters.
- Initiatives aimed at fostering innovation in technology and e-commerce sectors.
- Digital economy initiativesThe Premier emphasised collaboration with public entities, including the KZNGFA, to transform the province's economy and address unemployment, particularly among youth and women. The Premier also highlighted the need for ongoing discussions about the roles of key economic institutions, including the KZNGFA, Ithala Development Finance Corporation, and others, to enhance employment impacts stemming from policy decisions. The Agency can play a role in revitalising government-owned farms that are currently fallow. The initiative aims to fund youth and women-led small businesses in agriculture, thus contributing to food security and rural economic development. With the establishment of the King Dinuzulu Innovation Valley at Dube

> *"We will leverage the capacity and collaborate with the provincial Public Entities in terms of their mandate, in growing and transforming the province's economy.*
>
> *As we restructure our economy, we will have ongoing discussions regarding the role of key economic institutions, such as the Growth Fund; Ithala Development Finance Corporation; Trade and Investment KwaZulu-Natal; Agri-Business Development Agency; Richards Bay Industrial Development Zone and the Dube Tradeport Corporation in relation to the employment impact of policy decisions"* – **Premier T Ntuli, State of the Province Address, July 2024**

Tradeport to support innovation in technology sectors, the KZNGFA can facilitate access to resources for startups in e-commerce and related fields, fostering a modern economy.

The provincial government also plans to engage with business coalitions and chambers to galvanise support for economic growth initiatives. The KZNGFA will be integral in these efforts, acting as an enabler for business confidence and collaboration.

Figure 3: MTDP Priorities that Inform the KZNGFA Strategy

MTDP STRATEGIC PRIORITIES	PROVINCIAL STRATEGIC GOAL	KZNGFA ALIGNMENT
Strategic Priority 1: Drive inclusive growth and job creation	**Priority 2:** • Inclusive Economic Growth • Transformation, Job Creation, and Inclusivity • SMME Development • Industrialisation and Manufacturing	THE KZNGFA invests in projects that have the potential to create sustainable jobs, improve rural and township economies, and eradicate poverty and inequality.
Strategic Priority 3: A capable, ethical, and developmental state	**Priority 1:** Capable Ethical and Developmental State	THE KZNGFA adheres to good corporate governance, PFMA and King IV and strives to maintain a Clean Audit record.

Figure 4: Provincial Strategic Objectives that Inform the KZNGFA Strategy

PROVINCIAL STRATEGIC OBJECTIVE	KZNGFA ALIGNMENT
Catalytic Infrastructure Development Projects: Collaborate with the EDTEA to implement provincial catalytic projects, such as the Eastern Seaboard Development and maritime initiatives in the Ugu District.	• **Project Collaboration:** Partner with private sector participants and local municipalities to co-fund and facilitate key infrastructure projects, including port facilities, transport corridors, and urban development in the eastern seaboard area. • **Maritime Initiatives:** Support the development of maritime training centres, shipbuilding facilities, logistics hubs, and other maritime value chain opportunities in the Ugu District by providing funding and technical assistance. • **Investment Pipeline:**

PROVINCIAL STRATEGIC OBJECTIVE	KZNGFA ALIGNMENT
	In collaboration with EDTEA, identify and prioritise infrastructure projects that complement the provincial strategic vision.
SMME Development: Enhance financial and non-financial support for SMMEs to drive innovation and economic resilience, focusing on spaza shops, general dealers, and Black industrialists in townships.	• **Capacity Building:** Partner with SEDFA to offer training and mentorship programmes for Black industrialists, focusing on operational efficiency, financial management, and market access. • **Digital Transformation:** Support Black industrialists in adopting e-commerce. This can range from setting up websites to adopting digital payment systems to increase their visibility and competitiveness.
Pursue and attain private-public partnerships: Leverage partnerships to attract funding and drive financial inclusion and economic development.	• **PPP Framework Development:** Collaborate with EDTEA and private investors to create a transparent and efficient PPP (Private Public Partnerships) model for co-investment in priority sectors. • **Strategic Partnerships:** Engage with banks, development finance institutions, and private equity funds to co-finance projects that align with provincial priorities. (KZNGFA has already established solid working relationships with other DFIs and banks) • **Innovative Financing Mechanisms:** Introduce blended finance structures to reduce investment risks and attract private capital into high-impact projects.
Ensuring Economic Recovery and Growth Identify opportunities in tourism, agriculture, and the green economy aligned with the provincial economic recovery strategy.	• **Sectoral Investments:** Prioritise funding for projects in tourism, agro-processing, and renewable energy to align with recovery efforts. • **Tourism Development:** Fund infrastructure projects such as hotel developments and tourism-related value chains to attract visitors and create jobs. • **Green Economy:** Support investments in renewable energy projects, waste management systems, and water conservation initiatives.

Figure 5: EDTEA Priorities that Inform the KZNGFA Strategy

EDTEA PRIORITIES	KZNGFA ALIGNMENT
Inclusive Economic Growth and job creation	• THE KZNGFA invests in projects creating an enabling environment in KwaZulu-Natal province for inclusive economic growth through investment in sustainable projects to create employment, enhance social well-being and promote Black economic empowerment.
Investment Attraction	• To ensure ease and increase access to funding for KZN-based industrialists. • Through collaboration and alignment of the District Development Model with businesses and other entities to increase reach and effectiveness to ensure an inclusive economic reach. • In collaboration with EDTEA, identify high-impact projects in rural and underdeveloped areas, with a specific focus on sectors such as agriculture, agro-processing, renewable energy, and small-scale manufacturing. • Partner with local municipalities and community organisations to uncover grassroots opportunities and ensure alignment with community needs. • Design funding programs tailored to support women, youth, and entrepreneurs living with disabilities, ensuring they can access the resources needed to succeed. • Introduce innovative financing mechanisms, such as low-interest loans, and blended finance models, to reduce barriers to entry for historically disadvantaged groups.
Infrastructure Development	• The KZNGFA shall invest in clients engaged in the development, construction, rehabilitation, restructuring, expansion, and operation of all forms of infrastructure upgrade necessary to support economic activities. • The KZNGFA will emphasise infrastructure projects, i.e., projects that support economic development in underdeveloped areas and contribute to equitable access to economic resources, but it will exclude projects for the provision of low-cost housing.

EDTEA PRIORITIES	KZNGFA ALIGNMENT
	• Development of products specifically to the flagship programmes aimed at supporting industrialisation
Sustainable Development	• ESG is at the centre of the investment assessment process. • RBIDZ has been designated as a renewable energy hub, and through the MOU with RBIDZ, KZNGFA will collaborate with RIBDZ to originate renewable energy transactions.
Skills Development and Innovation	• The inclusion of a funding undertaking for projects to train employees in line with their personal skills development. • Partner with tertiary institutions. • As part of CSI, provide funding to incubators and innovation hubs.

2. VISION

KZN's lead development financier and impact investor.

The vision statement for the KZN Growth Fund Agency (KZNGFA) reflects its strategic importance as a lead development financier and impact investor in KwaZulu-Natal. Established as a provincial public entity in 2024, the vision builds on the groundwork laid by the KZN Growth Fund Trust and aligns with the agency's mandate under the KZNGFA Act.

The vision statement aligns with the province's ESG priorities, demonstrating a commitment to sustainable development and responsible investment practices. This alignment is crucial for fostering public trust and ensuring that the agency's initiatives resonate with broader provincial objectives. By articulating a clear vision, the KZNGFA aims to establish its identity as a key player in economic transformation. The vision emphasises inclusive economic growth, particularly targeting youth and women. This focus is vital for addressing historical inequalities and fostering broader participation in economic activities, which can lead to enhanced social stability and community development. The vision also underscores the significance of collaboration with other public entities and private sector stakeholders for leveraging resources, expertise, and networks to maximise impact across various sectors of the economy. The vision statement sets a foundation for long-term sustainability. This focus will enhance the agency's credibility and attract responsible investors prioritising sustainable practices.

3. MISSION

To provide innovative development finance solutions that effectively manage public and private equity funds, impact socio-economic growth and foster a sustainable and inclusive future.

The mission statement articulates a clear purpose for the KZNGFA, guiding its strategies and operations. By emphasising innovative development finance solutions, it positions the agency as a proactive player in addressing economic challenges. The focus on managing public and private equity funds aligns with the provincial government's objectives of driving inclusive economic growth and job creation, as outlined in SOPA. This alignment ensures that the agency's efforts contribute to broader socio-economic goals. By prioritising economic growth, the KZNGFA acknowledges its role in transforming the province's economy and a commitment to rebuilding trust and confidence among stakeholders. The mission also highlights a commitment to fostering a sustainable and inclusive future, which is crucial for addressing historical inequalities in KwaZulu-Natal. This focus on inclusivity ensures that marginalised communities, particularly youth and women, benefit from economic opportunities. The emphasis on managing both public and private equity funds suggests a collaborative approach to development finance. This encourages partnerships with various stakeholders, including government entities, private investors, and community organisations, thus enhancing resource mobilisation.

4. VALUES

No	Values	Description
1	**Professionalism**	This emphasises technical competence and expertise within the organisation. This is essential for building credibility and trust with stakeholders and ensuring that the agency operates effectively and meets its objectives. A professional approach enhances the quality of decision-making and service delivery, which is vital for attracting investment and fostering economic growth.
2	**Respect**	Treating all stakeholders with fairness, dignity, and consideration, while valuing diverse perspectives and fostering constructive partnerships across the public and private sectors.
3	**Accountability**	This involves taking ownership of actions and outcomes. This value ensures that the agency is responsible for its decisions and transparent in its operations. A culture of accountability builds public trust and confidence in the agency's ability to manage funds responsibly and deliver on its commitments.

4	**Integrity**	This is fundamental to maintaining the agency's reputation. Integrity ensures that all dealings are conducted honestly, which is crucial for public entities. Upholding integrity can prevent corruption and mismanagement, thereby enhancing the agency's effectiveness in achieving its mission.
5	**Service**	This is about prioritising the needs of stakeholders through active engagement reflects a commitment to community development. This value emphasises the agency's role as a facilitator of growth and support for marginalised groups. By focusing on serving stakeholders, the KZNGFA can ensure that its initiatives are relevant and impactful, particularly in addressing issues of inequality and empowerment.
6	**Empowerment**	This is essential for addressing historical disparities in access to resources and opportunities. By prioritising empowerment, the KZNGFA can drive sustainable development that benefits all segments of society, particularly youth and women, thereby contributing to long-term economic stability

5. SITUATIONAL ANALYSIS

The external environment analysis examines the macroeconomic, policy, regulatory, market, and socio-economic factors that shape the operating context of the KwaZulu-Natal Growth Fund Agency and influence demand for its development finance interventions. As a provincial development finance institution, the Agency operates within an environment largely beyond its direct control, yet these external conditions significantly affect investment opportunities, risk exposure, and the achievement of strategic outcomes.

KwaZulu-Natal's economic landscape continues to be characterised by structural challenges, including uneven economic growth, high levels of unemployment and inequality, constrained fiscal space, infrastructure backlogs, and vulnerability to external shocks such as climate-related events and global economic volatility. At the same time, national and provincial policy priorities emphasise inclusive growth, localisation, industrial development, infrastructure investment, and the participation of historically disadvantaged groups in the economy. These dynamics create both pressures and opportunities for the Agency's development finance mandate.

The external environment analysis draws on insights from the 2025 Strategy Review process, policy and regulatory developments, and prevailing economic and market trends relevant to the five-year planning horizon. It focuses on key political, economic, social, technological, legal, and environmental (PESTLE) factors that influence the Agency's strategic positioning, investment focus, partnerships, and risk profile.

This analysis provides the contextual foundation for strategic decision-making by identifying external drivers, constraints, and uncertainties that must be considered in shaping the Agency's strategic priorities, programme design, and resource allocation over the 2025–2030 period.

5.1 External Environment Analysis

5.1.1 Global Economic Outlook

The global economic outlook and projections are varied in many respects, characterised by modest growth rates, inflation and uncertainties created largely by geopolitical tensions. Global GDP growth projections vary from around 2,5 per cent to 3,3 per cent. According to a report by KPMG and Reuters, in the third quarter of 2024, the global economy exhibited signs of recovery, with growth projected at 3,1 per cent for the year, slightly below the pre-pandemic norm of 3,6 per cent from 2000 to 2019. The International Monetary Fund (IMF) World Economic Outlook[1] indicates that "global growth is projected at 3.3 per cent both in 2025 and 2026, below the historical (2000–19) average of 3.7 per cent". According to Selcuk & Vasishtha[2] (2025), whilst "global growth is estimated to have stabilised at 2.7 per cent in 2024 and is forecast to hold steady at that pace over 2025–26" they argue that "the pace of growth appears insufficient to offset the damage done to the global economy by several years of successive negative shocks, with particularly detrimental outcomes in the most vulnerable economies". Global inflation is anticipated to decline, with estimates suggesting it could fall to around 4,5 per cent, down from higher rates in previous years.
South Africa's real GDP growth projections are 1,5 per cent (2025) and 1,6 per cent (2026) as per the table below (sourced from the IMF World Economic Outlook 2025).

Figure 6: Overview of the World Economic Outlook Projections
(Percent change, unless noted otherwise)

	Year over Year						Q4 over Q4 2/		
		Estimate	Projections		Difference from October 2024 WEO Projections 1/		Estimate	Projections	
	2023	2024	2025	2026	2025	2026	2024	2025	2026
World Output	**3,3**	**3,2**	**3,3**	**3,3**	**0,1**	**0,0**	**3,4**	**3,2**	**3,1**
Advanced Economies	**1,7**	**1,7**	**1,9**	**1,8**	**0,1**	**0,0**	**1,8**	**1,9**	**1,7**
United States	2,9	2,8	2,7	2,1	0,5	0,1	2,7	2,4	2,1
Euro Area	0,4	0,8	1,0	1,4	–0,2	–0,1	1,1	1,2	1,4
Germany	–0,3	–0,2	0,3	1,1	–0,5	–0,3	–0,1	0,8	0,9
France	1,1	1,1	0,8	1,1	–0,3	–0,2	0,7	1,0	1,2
Italy	0,7	0,6	0,7	0,9	–0,1	0,2	0,6	1,0	0,7
Spain	2,7	3,1	2,3	1,8	0,2	0,0	3,2	1,9	2,0

[1] https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025
[2] https://blogs.worldbank.org/en/developmenttalk/the-global-economy-in-five-charts--the-outlook-for-2025-26

Japan	1,5	–0,2	1,1	0,8	0,0	0,0	0,7	0,8	0,7
United Kingdom	0,3	0,9	1,6	1,5	0,1	0,0	1,7	1,8	1,3
Canada	1,5	1,3	2,0	2,0	–0,4	0,0	1,8	2,1	1,9
Other Advanced Economies 3/	1,9	2,0	2,1	2,3	–0,1	0,0	1,7	2,8	1,7
Emerging Market and Developing Economies	**4,4**	**4,2**	**4,2**	**4,3**	**0,0**	**0,1**	**4,6**	**4,2**	**4,2**
Emerging and Developing Asia	5,7	5,2	5,1	5,1	0,1	0,2	5,6	4,9	5,1
China	5,2	4,8	4,6	4,5	0,1	0,4	4,9	4,5	4,5
India 4/	8,2	6,5	6,5	6,5	0,0	0,0	7,5	6,5	6,5
Emerging and Developing Europe	3,3	3,2	2,2	2,4	0,0	–0,1	2,3	2,9	1,6
Russia	3,6	3,8	1,4	1,2	0,1	0,0	2,7	1,2	1,2
Latin America and the Caribbean	2,4	2,4	2,5	2,7	0,0	0,0	2,6	2,7	2,4
Brazil	3,2	3,7	2,2	2,2	0,0	–0,1	4,1	2,1	2,3
Mexico	3,3	1,8	1,4	2,0	0,1	0,0	1,8	1,4	2,1
Middle East and Central Asia	2,0	2,4	3,6	3,9	–0,3	–0,3	. . .	. . .	. . .
Saudi Arabia	–0,8	1,4	3,3	4,1	–1,3	–0,3	5,0	1,2	4,1
Sub-Saharan Africa	3,6	3,8	4,2	4,2	0,0	–0,2	. . .	. . .	. . .
Nigeria	2,9	3,1	3,2	3,0	0,0	0,0	3,5	3,7	3,8
South Africa	0,7	0,8	1,5	1,6	0,0	0,1	1,7	0,6	2,2
Memorandum									
World Growth Based on Market Exchange Rates	2,8	2,7	2,9	2,8	0,1	0,1	2,9	2,7	2,6
European Union	0,6	1,0	1,4	1,7	–0,2	0,0	1,3	1,5	1,7
ASEAN-5 5/	4,0	4,5	4,6	4,5	0,1	0,0	4,9	3,9	5,0
Middle East and North Africa	1,8	2,0	3,5	3,9	–0,5	–0,3	. . .	. . .	. . .
Emerging Market and Middle-Income Economies	4,5	4,2	4,2	4,2	0,0	0,1	4,6	4,2	4,2
Low-Income Developing Countries	4,1	4,1	4,6	5,4	–0,1	–0,2	. . .	. . .	. . .
World Trade Volume (goods and services) 6/	**0,7**	**3,4**	**3,2**	**3,3**	**–0,2**	**–0,1**	**. . .**	**. . .**	**. . .**
Advanced Economies	0,0	2,2	2,1	2,5	–0,5	–0,3	. . .	. . .	. . .
Emerging Market and Developing Economies	2,0	5,4	5,0	4,6	0,3	0,2	. . .	. . .	. . .
Commodity Prices									
Oil 7/	–16,4	–1,9	–11,7	–2,6	–1,3	1,0	–10,8	–5,0	–2,2
Nonfuel (average based on world commodity import weights)	–5,7	3,4	2,5	–0,1	2,7	–0,9	7,1	0,1	0,5
World Consumer Prices 8/	**6,7**	**5,7**	**4,2**	**3,5**	**–0,1**	**–0,1**	**5,2**	**3,5**	**3,0**
Advanced Economies 9/	4,6	2,6	2,1	2,0	0,1	0,0	2,2	2,1	2,0
Emerging Market and Developing Economies 8/	8,1	7,8	5,6	4,5	–0,3	–0,2	7,6	4,6	3,8

The recent United States of America (USA) election outcome introduced significant uncertainties into the global economic landscape, particularly concerning potential protectionist policies under the Trump administration. Economists raise concerns that while these measures, such as increased tariffs and immigration restrictions, may provide short-term benefits domestically, they could hinder long-term global economic growth and exacerbate inflationary pressures. Global markets have reacted with caution. Asian markets, particularly in China, have seen substantial downturns, with the Chinese yuan hitting its lowest level against the US dollar in nearly 14 months.

In contrast, European markets have shown a more optimistic outlook, although apprehensions regarding USA trade policies linger. The Australian dollar has also declined significantly, reaching its lowest point in almost five years due to fears of a potential USA-China trade war under the new administration. This decline reflects broader anxieties about how USA trade policies will impact international relations and economic stability. Despite signs of economic recovery in the third quarter of 2024, the uncertainties introduced by the election results are influencing global markets and economic projections. Analysts are closely monitoring developments in trade and fiscal strategies to gauge the full impact of the new administration's policies on the global economy.

5.1.2 South African Economy

South Africa's economy contracted by 0,3 per cent in the third quarter of 2024, following a modest recovery in the previous quarter. This decline was primarily driven by a 28,8 per cent contraction in the agriculture sector due to adverse weather and logistical challenges. Other sectors such as transport, trade and government services also faced declines, although the finance sector showed resilience with a 1,3 per cent increase, contributing positively to growth. The formation of the Government of National Unity (GNU) after the May 2024 elections significantly bolstered investor confidence and contributed to a more stable economic environment.

Inflation continued its downward trend, alleviating pressure on consumers and businesses. The SARB responded by reducing the repurchase rate by 25 basis points to 7,75 per cent in November 2024, reflecting improved inflation conditions. This decision was well-received, leading to a strengthening of the Rand and record levels on the Johannesburg Stock Exchange. Improvements in electricity supply and ongoing infrastructure projects have begun to address some structural bottlenecks affecting economic growth. While progress has been made in mitigating load-shedding issues, challenges remain that continue to constrain overall economic performance, according to the 2024 Budget Review undertaken by the National Treasury.

The USA elections in November 2024 introduced uncertainties that influenced South Africa's economy through global market reactions. Potential shifts in USA trade policy could affect demand for key South African commodity exports like gold and platinum. South Africa's reliance on commodity exports poses risks amid potential USA protectionist measures that could affect demand. Moreover, South African equities, particularly in resource sectors, are sensitive to fluctuations in global commodity prices influenced by U.S. economic policies. The post-election environment may limit foreign investment inflows due to increased global risk aversion. These are according to data from Investec[3] and Deloitte[4].

The graph below illustrates the percentage change for the quarter to quarter and over four quarters.

[3] https://www.investec.com/en_za/focus/economy/updates.html
[4] https://www2.deloitte.com/us/en/insights/economy/emea/africa-economic-outlook.html

Figure 7: Growth in GDP (per cent) – Quarter on Quarter Percentage change in GDP Production

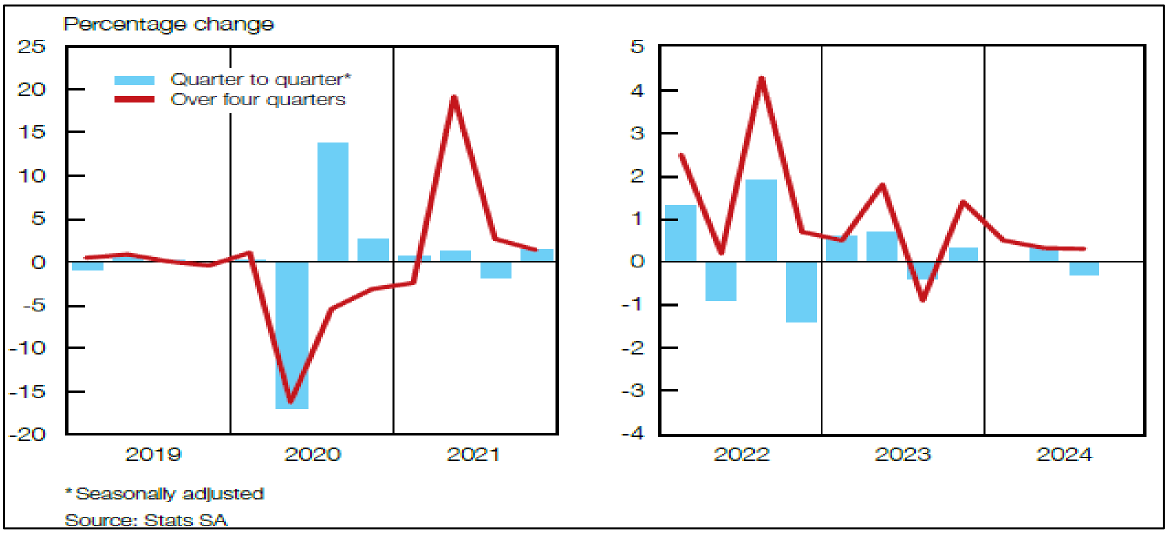


Figure 1: Source: SARB Quarterly bulletin

The real gross value added ("GVA") by the non-agricultural sector increased further by 0.5 percent in the third quarter of 2024 following an expansion in the second quarter.

- **Primary sector contribution to GDP**

In the third quarter of 2024, the real GVA from the primary sector contracted significantly by 10 per cent. This decline contributed to a 0,7-percentage point reduction in overall real GDP growth, highlighting the sector's critical role in the economy. The primary sector's performance in the third quarter of 2024 reflects significant challenges, particularly in agriculture, while the mining sector's rebound offers an opportunity for growth.

- **Agriculture**

The real output of the agricultural sector contracted significantly by 28,8 per cent in the third quarter of 2024 and subtracted the most from overall real GDP growth at 0.7 percentage points. This was the largest quarterly decline in agricultural output since the third quarter of 1970. The significant contraction in the third quarter of 2024 was mainly due to the lower production of field crops as unfavourable weather conditions and rising input costs continued to hamper agricultural output. Although the final estimated commercial maize crop of 12,7 million tons for the 2023/24 season is 22,6 per cent lower than the final crop for the 2022/23 season and contributed to the drag in real agricultural output thus far, the projected harvest is sufficient to meet the expected domestic consumption of about 12 million tons per annum. The estimated area to be planted in the 2024/25 season remained relatively unchanged at 2.64 million hectares compared with the 2023/24 season.

- **Mining**

The real GVA by the mining sector expanded by 1,2 per cent in the third quarter of 2024 following a contraction of 0,3 per cent in the second quarter and contributed 0,1 percentage points to overall real GDP growth. The turnaround was driven by higher production in six of the 12 mineral groups, particularly in manganese ore, chromium ore, coal, and copper. By contrast, the production of platinum group metals (PGMs) and gold decreased over this period. The increased production of manganese and chromium ore benefitted from increased global demand for steel and alloy as well as improved operational efficiency, while coal production was supported by strong demand for coal from countries such as India and Vietnam amid ongoing uncertainty in the global energy sector.

Implications for the KZN Growth Fund Agency:
To enhance the KZNGFA's strategic positioning, investments should prioritise logistics and infrastructure improvements, particularly in rail and port efficiency, to bolster mining exports. By leveraging global demand trends, the Agency can focus on financing projects related to manganese, chromium, and coal production while also diversifying into underperforming commodities like platinum group metals (PGMs) through innovative exploration initiatives. Given the volatility in agriculture, a diversified portfolio that balances high-risk sectors with more stable industries is essential for risk mitigation. Emphasising sustainability practices in both agriculture and mining will ensure long-term viability and align with global ESG trends. A dual-sector strategy supporting agriculture and mining can stabilise returns and foster regional economic growth, enabling the KZNGFA to effectively address structural challenges while capitalising on emerging opportunities within South Africa's primary sector.

Secondary sector contribution to GDP
The real GVA of the secondary sector increased by 0,7 per cent in the third quarter of 2024, following a 1,0 per cent expansion in the second quarter. Real economic activity moderated in both the manufacturing and electricity, gas, and water sectors, while the real output of the construction sector expanded further.

- **Manufacturing**

The real output of the manufacturing sector increased by 0,5 per cent in the third quarter of 2024 after expanding by 0,7 per cent in the second quarter. Production volumes increased in three of the 10 manufacturing subsectors, particularly in those supplying basic iron and steel, non-ferrous metal products, metal products and machinery as well as furniture and other manufacturing. Conversely, the production of motor vehicles, parts and accessories and other transport equipment, as well as wood and wood products, paper, publishing, and printing declined over this period. The increase in manufacturing output was in line with the increase in the seasonally adjusted utilisation of production capacity from 77,9 per cent in May 2024 to 78,4 per cent in August. However, the average level of real manufacturing output in the first three quarters of 2024 was 0,3 per cent lower than in the corresponding period of

2023, reflecting the impact of subdued domestic and global demand and logistical constraints.

- **Electricity, gas, and water**

Real economic activity in the sector supplying electricity, gas and water increased by 1,6 per cent in the third quarter of 2024, driven by the increase in the volume of both electricity production and consumption over this period. This was evident in the improvement in Eskom's electricity availability factor, which has contributed to the continued suspension of electricity load-shedding and supported domestic economic activity.

- **Construction**

Real economic activity in the construction sector expanded further by 1,1 per cent in the third quarter of 2024, following an increase of 0,5 per cent in the second quarter as civil construction and non-residential building activity increased. However, the average level of real output in the construction sector in the first three quarters of 2024 was 6,2 per cent lower than in the corresponding period in 2023.

Implications for the KZN Growth Fund Agency:

It is essential for the KZNGFA to invest in technological upgrades and capacity expansion within high-performing subsectors to boost competitiveness. Supporting initiatives that address logistical constraints will improve production and distribution efficiency. Additionally, investing in renewable energy projects can capitalise on the improved energy landscape, ensuring long-term sustainability. Collaborating with ESKOM and local utilities can further enhance infrastructure resilience. The Agency should also focus on financing large-scale infrastructure projects that stimulate construction growth while addressing regional needs. Encouraging public-private partnerships will leverage additional resources for ongoing initiatives, fostering a collaborative approach to economic development in KwaZulu-Natal.

- **Tertiary sector contribution to GDP**

Real economic activity in the tertiary sector increased further by 0,3 per cent in the third quarter of 2024 and contributed 0,2 percentage points to overall GDP growth. Real activity in the finance, insurance, real estate, business services, and personal services sectors expanded further, while that in the commerce, general government services, transport, storage, and communication services sectors contracted over this period.

- **Commerce**

The real GVA by the commerce sector contracted by 0,4 per cent in the third quarter of 2024, following an expansion of 1,0 per cent in the previous quarter. Activity in the wholesale and motor trade subsectors declined, while retail trade activity increased. The decline in the wholesale trade activity resulted from lower sales of solid, liquid, and gaseous fuels and related products, precious stones, jewellery, and silverware, as well as construction and building materials, while lower sales of new and used vehicles suppressed motor trade activity during the quarter. By contrast, the increase in retail trade activity was driven by higher sales of general dealers, textiles, clothing, footwear, and leather goods, as well as household furniture, appliances, and equipment. The commerce sector's average level of real output in the first three quarters of 2024 was 2,4 per cent lower than in the corresponding period of 2023 as it continued to be impacted by weak domestic demand, logistical constraints, and rising input costs.

- **Transport, storage and communication services**

The real GVA of the transport, storage and communication services sector contracted further by 1,6 per cent in the third quarter of 2024, marking the third successive quarterly contraction. The contraction was driven by reduced activity in land transportation and transport support services. By contrast, the number of passenger journeys undertaken by rail increased over this period. The average level of real output of the transport, storage, and communication services sector in the first three quarters of 2024 was 0,1 per cent higher than in the corresponding period in 2023.

- **Finance, insurance, real estate, and business services**

The real output of the finance, insurance, real estate, and business services sectors increased further by 1,3 per cent in the third quarter of 2024 and contributed 0,3 percentage points to overall real GDP growth. Activity increased in the monetary intermediation, insurance, financial auxiliary services, real estate, and other business services subsectors. Monetary intermediation activity was boosted by a rise in income generated by commercial banks, while growth in financial auxiliary services reflected a rise in share market activity amid an improvement in investor sentiment in the third quarter of 2024.

Figure 8: Quarter-to-Quarter Percentage Change of real GDP

Sector	2023					2024		
	Q1	Q2	Q3	Q4	Year*	Q1	Q2	Q3
Primary sector	-1.1	1.7	-8.4	0.8	-2.2	3.6	-2.0	-10.0
Agriculture	-4.6	3.4	-19.4	-2.4	-4.8	13.5	-4.8	-28.8
Mining	1.5	0.5	-0.7	2.6	-0.5	-1.7	-0.3	1.2
Secondary sector	0.7	1.6	-1.4	0.3	-0.4	-1.5	1.0	0.7
Manufacturing	1.0	2.3	-1.3	0.3	0.3	-1.4	0.7	0.5
Construction	0.9	-0.2	-3.3	-1.5	-0.1	-3.1	0.5	1.1
Tertiary sector	0.8	0.3	0.6	0.3	1.2	0.1	0.5	0.3
Wholesale and retail trade, catering and accommodation	1.0	-0.5	-0.3	-2.8	-1.8	0.3	1.0	-0.4
Finance, real estate and business services	0.8	0.4	1.1	0.8	1.6	0.2	1.5	1.3
*Non-primary sector***	*0.8*	*0.6*	*0.2*	*0.3*	*0.9*	*-0.2*	*0.6*	*0.4*
*Non-agricultural sector****	*0.8*	*0.6*	*0.2*	*0.4*	*0.8*	*-0.3*	*0.5*	*0.5*
Total	**0.6**	**0.7**	**-0.4**	**0.3**	**0.7**	**0.0**	**0.3**	**-0.3**

* Percentage change over one year
** The non-primary sector represents total GVA excluding agriculture and mining.
*** The non-agricultural sector represents total GVA excluding agriculture.
Source: Stats SA

Source: SARB Quarterly bulletin

Implications for the KZN Growth Fund Agency:

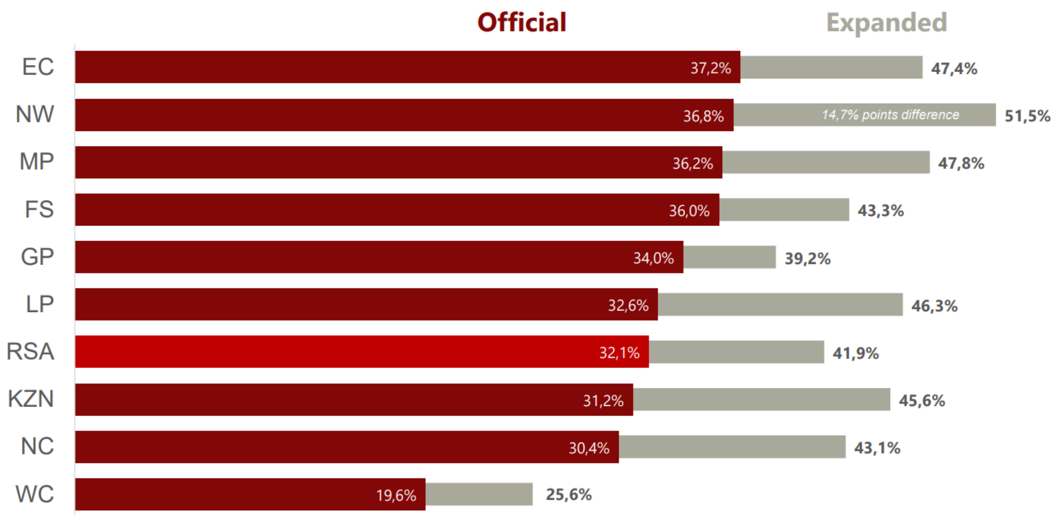
The KZNGFA has a crucial role to play in enhancing transport infrastructure, with a particular focus on improving rail services to boost efficiency and capacity. Developing partnerships with local transport providers will facilitate integrated transport solutions that can elevate both passenger and freight services. Additionally, capitalising on the growth in finance and business services by investing in financial technology (fintech) solutions will enhance access to financial services for local businesses, fostering economic inclusivity. Supporting initiatives that promote commercial property development, especially affordable housing projects, can further stimulate economic activity and address pressing community needs.

5.1.3 KZN Economic Update And Outlook

Economic performance

Job creation

Figure 9: Provincial Unemployment Rates: Official vs. Expanded Q3 2024



Source: Statistics South Africa, 2024

According to Q3 2024 Quarterly Labour Force Survey (QLFS) from Statistics South Africa, eThekwini witnessed significant job creation in Q3 of 2024, adding 69 000 jobs quarter-on-quarter and 102 000 jobs year-on-year. This marked the largest employment growth within the year and surpassed job gains in other major metropolitan areas, such as the City of Tshwane and the City of Cape Town.

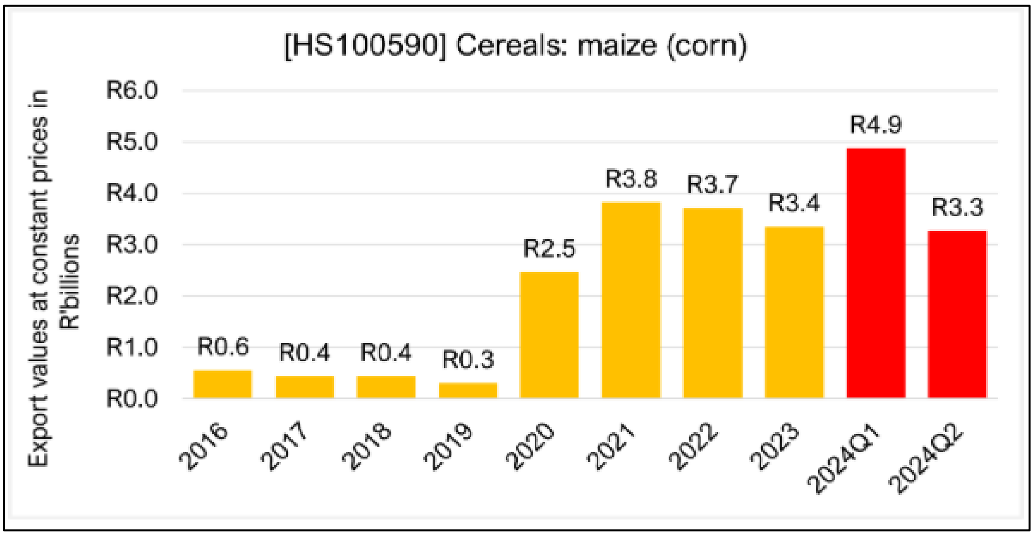
Youth employment in eThekwini experienced substantial growth, with 46 168 new positions filled by the youth, representing approximately 67 per cent of the total employment increase for the quarter. The strong job growth in Q3 2024 highlights eThekwini's economic recovery, driven by targeted strategies that boosted job creation and workforce participation. This rise in employment aligns with positive economic indicators, including a business confidence index of 63 points and a 47 per cent increase in approved building plans, signalling renewed investment. The top employing sectors in Durban for Q3 of 2024 were wholesale and retail trade, community services, and financial intermediation. In this quarter, the community services sector saw significant job growth, adding 37 184 jobs compared to Q2 of 2024. The wholesale and retail trade sectors also experienced a notable increase, with 45 503 additional jobs. The construction sector contributed positively, with an increase of 8 944 jobs, while the agriculture sector saw a modest rise of 814 jobs. The financial intermediation sector recorded a growth of 3 396 jobs.

- **Export market**

Maize (Corn) Export Performance in Durban 2024

In the first quarter of 2024, Durban's maize exports reached R4.9 billion but dropped to R3.3 billion in the second quarter, marking a 48 per cent decline. This decrease suggests that several factors, such as ongoing conflicts impacting the global value chain, may have influenced the drop in export volumes or values, as shown in the figure below. Export data indicates that the Republic of Korea (South Korea) and Italy have emerged as significant new destinations, with demand for maize exports surging in these countries. South Korea has emerged as Durban's largest maize export market in recent years, importing R1 billion worth of maize. This milestone highlights Durban's growing global reputation for providing reliable staple crops, with South Korea's demand reflecting broader trends in food security across East Asia. Similarly, Italy has become a significant market, importing R491 million in maize, diversifying Durban's reach and demonstrating its ability to meet European agricultural demands.

Figure 10: Export Values of Maize (Corn)

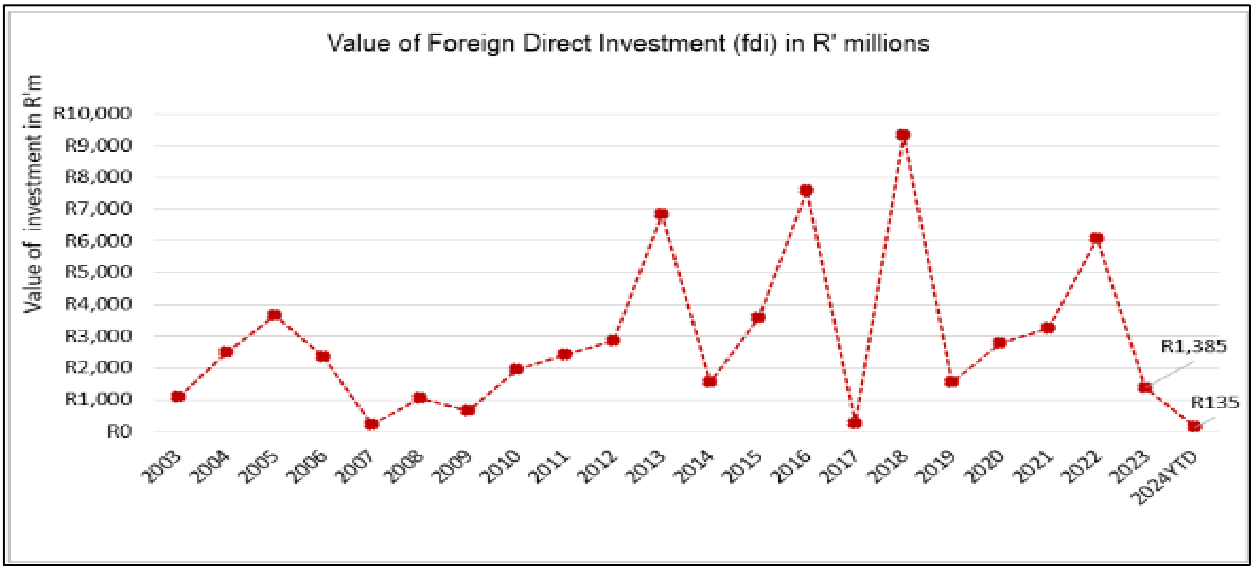


Source: Quantec, Easydata 2024

- **Foreign Direct Investment**

Since 2024, Durban has reported only one Foreign Direct Investment (FDI) in March from the Mediterranean Shipping Company (MSC), amounting to R134,99 million. This is significantly lower compared to the same period of the previous year when the city attracted FDI worth R927,6 million. In 2023, FDI levels plummeted to R1,308 million, a 76per cent drop from the previous year, with key projects including Toyota South Africa's renewable energy initiative worth R714,38 million, Netzsch Southern Africa at R326,74 million and Future Life at R60,29million.

Figure 11: Value of FDI



Source: FDI Market Intelligence, 2024

However, in 2022, Durban experienced an increase in the inflow of investments, reaching an impressive R5,424 million, a 106 per cent increase from the previous year. This boom was driven by significant projects such as Volvo Trucks South Africa, which accounted for R1,922 million, Blue Projects at R426,45 million, and Rhenus Logistics at R355,89 million. These five years show that Durban can attract significant FDI, which can contribute positively to the provincial economy. The fluctuations highlight the need for a stable environment to keep attracting investors and sustaining growth.

Implications for the KwaZulu-Natal (KZN) Growth Fund

The KZNGFA needs to invest in youth-focused programmes that enhance skills training and job placement, thereby further reducing youth unemployment. Supporting initiatives that promote entrepreneurship among young people will foster innovation and create jobs in emerging sectors. Additionally, facilitating market diversification strategies can help reduce reliance on traditional markets, enhancing resilience against global disruptions. Investments in agricultural technology and logistics are crucial to improving export capabilities and maintaining competitiveness in international markets. Furthermore, developing strategies to attract FDI through incentives and improved infrastructure will support business operations. Engaging with potential investors to understand their concerns will identify collaborative opportunities to increase investment inflows. Overall, focusing on economic diversification, sustainability practices, and community engagement will create a supportive environment for sustained economic growth in KwaZulu-Natal.

PESTLE ANALYSIS

The following PESTLE analysis summarises the key external factors influencing the operating environment of the KwaZulu-Natal Growth Fund Agency (KZNGFA) for the 2025-2030 period. The analysis draws directly from the global, national, and provincial context outlined above.

Political Factors:

- Continued national and provincial policy emphasis on inclusive economic growth, job creation, industrialisation, and infrastructure development
- Strong political support for the role of development finance institutions in catalysing investment and crowding in private capital
- Increased expectations from Executive Authorities and oversight structures for visible delivery and measurable socio-economic impact
- Heightened political oversight and accountability requirements for public entities
- Alignment expectations with provincial flagship programmes and sector priorities

Economic Factors:

- Modest global and national economic growth projections for 2026/27
- Persistently high unemployment and weak labour absorption
- Constrained fiscal space and reduced availability of direct public funding
- Elevated cost of capital and cautious private sector investment appetite
- Infrastructure and logistics constraints affecting economic competitiveness
- Uneven economic recovery across sectors and regions within KwaZulu-Natal

Social Factors:

- High unemployment levels, particularly among youth, women, and rural communities
- Persistent income inequality and spatial exclusion
- Increased demand for inclusive, job-creating economic interventions
- Growing expectations for public entities to demonstrate social and developmental impact
- Pressure to ensure equitable geographic spread of investment across the province

Technological Factors:

- Increasing importance of digitalisation, automation, and data-driven decision-making
- Inefficiencies arising from outdated or fragmented systems in the broader economy
- Growing expectations for faster turnaround times enabled by technology
- Opportunity to leverage digital platforms to improve service delivery, monitoring, and reporting

- Risk of declining competitiveness if institutions fail to modernise processes and systems

Legal and Regulatory Factors:

- Strict compliance requirements under the PFMA and related governance frameworks
- Increased scrutiny from oversight bodies, auditors, and regulators
- Heightened focus on ethical conduct, risk management, and transparency
- Legal and contractual risks associated with project financing, recoveries, and partnerships
- Need to balance governance compliance with operational agility

Environmental Factors:

- Increased frequency and severity of climate-related events, including flooding
- Infrastructure vulnerability and disruption caused by extreme weather conditions
- Growing emphasis on climate resilience and environmental sustainability
- Opportunities in renewable energy, water and sanitation, waste management, and green infrastructure
- Alignment of green economy investments with global and provincial development priorities

Overall Implication for the 2026/27 APP:

- External conditions increase demand for catalytic development finance interventions
- Strong justification for infrastructure-led, inclusive, and green investments
- Elevated expectations for performance, efficiency, and measurable impact
- Need for strategic focus, disciplined execution, and partnership-based financing

5.2 Internal Environment Analysis

The internal environment analysis provides an assessment of the KwaZulu-Natal Growth Fund Agency's organisational capabilities, systems, resources, and institutional arrangements that enable or constrain the achievement of its mandate and strategic outcomes. This analysis focuses on the Agency's ability to execute its development finance role effectively, sustainably, and in line with governance and accountability requirements.

As a provincial development finance institution operating within a complex regulatory, fiscal, and economic environment, the Agency's performance is shaped not only by external conditions but also by the strength of its internal capacity. Key internal factors include governance and leadership effectiveness, financial sustainability, operational processes, human capital, systems and technology, organisational culture, and risk management practices.

The internal environment assessment reflects insights from the 2025 Strategy Review process, management and EXCO engagements, and recent performance trends captured in the Annual Performance Plan. It highlights areas of institutional strength that can be leveraged to accelerate impact, as well as structural and operational constraints that must be addressed to improve execution, turnaround times, and portfolio performance over the five-year planning period.

This analysis is intended to inform strategic choices and prioritisation by identifying internal enablers and risks that influence the Agency's ability to deliver on its mandate, support inclusive economic growth, and ensure long-term financial and institutional sustainability.

5.2.1 Business Model Overview

The KZNGFA currently manages both a Debt Fund and an Equity Fund, with the capacity to bring additional investors on board to participate in both funds. To enhance its ability to form strategic partnerships with like-minded investors, the KZNGFA established KGF Capital, an FSCA-licensed entity, in the 2019/20 financial year. Through this entity, the KZNGFA will act as a Fund Manager, leveraging a structure commonly employed in the Private Equity industry.

The Debt Fund finances projects with a minimum threshold of R20 million and can consider funding up to R100 million. For projects requiring amounts exceeding this upper limit, co-funding arrangements with other financial institutions are explored. The Equity Fund invests in projects with a minimum investment of R20 million and may consider investments up to R50 million. The Breakdown of the funds into the asset classes (R426m Equity Fund and R1, 041bn Debt Fund) was determined by various factors, including considerations around the minimum requirement for establishing a private equity fund with strategic institutional patterns.

Figure 1.3: Assets under management

Sources and Uses of Assets Under Management							
Rmillion	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Source of Capital under Management by KGFT	**1 469**	**1 453**	**1 494**	**1 534**	**1 575**	**1 616**	**1 657**
Initial Capital contributionfor Fund 1	363	363	363	363	363	363	363
Fund 2 Capital (as 2014/2015)	409	360	360	360	360	361	362
Capital Injection by EDTEA - INCA repayment	46	40	40	40	40	40	40
Cumulative EDTEA allocation*	398	438	478	519	559	599	640
Cumulative Capitalised Trust Earnings*	253	253	253	253	253	253	253
Asset Allocation of Capital Under Management							
Debt Fund	1 028	1 017	1 046	1 074	1 102	1 131	1 160
Equity Fund	441	436	448	460	472	485	497
*Accumulated annually							
Annual EDTEA allocation	**46**	**40**	**40**	**40**	**40**	**40**	**40**
Expected Annual Capitalisation of Retained Earnings	-	-	-	-	-	-	-
Note:EDTEA Capital allocation utilised in funding projects only							
*Accumulated annually							

In discharging its mandate, the KZNGFA is assisted by an Investment Committee (IC), which considers investment proposals presented by Executive Management and recommends these to the Board for approval. The Executive Management sits on the Investment Risk

Committee (IRC) and ensures that deals presented to the IC are viable and within the KZNGFA's mandate and risk appetite. Further, with input from the Executive Management, the IC also provides oversight of the post-investment management of funded projects. The IC is guided by the KZNGFA's investment, credit and loan pricing policies which are regularly reviewed to ensure that they are appropriate and aligned to best industry practices. In line with the key governing policies, the fund finances project up to R100m. Projects requiring amounts over the upper limit are co-funded with other financial institutions. Due to legal and governance requirements dictating the structure of the funds being managed by the KZNGFA, the Agency makes provision multiple ICs.

The KNZGFA's portfolio comprises disbursed and committed investments totalling R829m in debt and R319m in equity. The KZNGFA is currently appraising projects needing R20m in equity and R106m in debt funding. It has also generated investment leads in debt and equity worth R1 285m.

5.2.2 Internal Performance and Challenges

The organisation is currently facing significant challenges that contribute to its instability and inefficiency. Leadership and organisational instability are evident due to a lack of permanent executive management, resulting in weak decision-making and high staff turnover, which further complicates talent retention and undermines governance. Inefficient processes are characterised by cumbersome due diligence and application procedures, leading to delays and lost opportunities caused by manual workflows. The weak investment pipeline is marked by a scarcity of viable applications, particularly affecting small businesses due to stringent project qualification criteria. Additionally, there is insufficient post-investment support, with inadequate appraisal and monitoring processes leading to poor project outcomes. Finally, mandate and market constraints hinder the agency's ability to fulfil its mission of fostering economic growth, exacerbated by a challenging economic environment and barriers in high-performing sectors. Addressing these interconnected issues is crucial for enhancing organisational performance and achieving strategic objectives.

5.2.3 Key Strategic Interventions

To ensure stable and decisive leadership, it is imperative to expedite the appointment of permanent executives, including a CEO. This leadership stability will provide clear direction and foster a cohesive organisational culture. Additionally, implementing robust strategies to attract, develop and retain skilled employees is essential for reinforcing institutional capacity. By prioritising talent management and professional development, the organisation can enhance its operational effectiveness and adaptability, driving sustained growth and success.

To enhance client engagement, it is essential to simplify interactions through digital platforms and tools, making services more accessible and reducing application complexity. Additionally, automating internal processes, such as application reviews, approvals and disbursements will significantly improve efficiency and reduce turnaround times. By streamlining these operations, the organisation can provide a more responsive and userfriendly experience for clients while optimising resource allocation and operational effectiveness.

Prioritising funding for initiatives that empower historically disadvantaged communities, including women, youth, and people with disabilities, is essential for fostering inclusive economic growth. By supporting intrapreneurs within these groups, the organisation can drive meaningful socio-economic transformation, promote equity, and unlock the untapped potential of underrepresented communities, contributing to sustainable development and long-term prosperity.

To enhance operational efficiency and transparency, the KZNGFA needs to leverage integrated platforms for monitoring and managing loans, grants, and project performance. Streamlining workflows through a client-centric design will improve the user experience for potential clients, ensuring alignment with their business cycles. Strengthening internal systems and processes will further enhance efficiency while implementing accountability measures will address non-performance and reinforce trust in the KZNGFA’s operations. Additionally, investing in regular training programmes will upskill employees and ensure their alignment with the organisation’s strategic goals, fostering a culture of continuous improvement and accountability.

Pursuing catalytic investments in key sectors such as mining, agro-processing, telecommunications, alternative energy, agriculture, and manufacturing is essential for driving job creation and economic growth. By strategically focusing on these industries, The KZNGFA can unlock significant opportunities for development, enhance productivity and foster sustainable employment. These investments will not only stimulate local economies but also contribute to the overall resilience and diversification of the provincial economic landscape.

To enhance the visibility and credibility of the KZNGFA, it is crucial to launch targeted campaigns that increase awareness of its role and offerings across all districts in KwaZulu-Natal. Actively engaging with potential investors will help secure partnerships and co-funding opportunities, thereby boosting the Agency's credibility. Collaborating with EDTEA and its associated agencies will facilitate the development of a robust pipeline of Black industrialists and viable projects. Additionally, partnering with private sector institutions to co-fund projects will enable shared risk and expand the impact of funded initiatives, driving economic growth and empowerment within the province.

SWOT ANALYSIS

The SWOT analysis reflects an assessment of the internal strengths and weaknesses of the KwaZulu-Natal Growth Fund Agency (KZNGFA), as well as the external opportunities and threats that influence its performance during the 2025-2030 period.

Strengths

- Clear and legislated mandate as a provincial development finance and impact investment institution
- Established governance structures and compliance frameworks aligned to PFMA requirements
- Government backing and institutional credibility within the provincial economic development ecosystem
- Experience in providing both debt and equity funding for medium to large-scale projects
- Strategic positioning within priority sectors such as infrastructure, manufacturing, agriculture, and energy
- Existing relationships with provincial departments, DFIs, and financial institutions
- Committed leadership and management with institutional knowledge

Weaknesses

- Slow investment turnaround times and execution delays
- Limited proactive investment pipeline development
- Capacity constraints in specialised skills such as project finance, due diligence, and deal structuring
- Fragmented and manual business processes across the investment lifecycle
- Limited digital maturity and system integration
- Challenges in capital recycling and long-term financial sustainability
- Low visibility of organisational impact and value proposition
- Gaps in performance management alignment across functions

Opportunities

- Strong demand for infrastructure-led investment in KwaZulu-Natal
- Growth potential in renewable energy, green economy, and climate-resilient infrastructure
- Leadership instability
- Increased emphasis on inclusive growth, township and rural economy development
- Opportunities to leverage blended finance and public-private partnerships
- Alignment with national and provincial industrialisation and job creation priorities
- Potential to crowd in private and institutional capital through co-investment models
- Advancements in digital tools to improve efficiency, monitoring, and reporting

Threats

- Modest economic growth and persistent high unemployment
- Constrained fiscal environment and limited availability of public funding
- Heightened regulatory and audit scrutiny of public entities

- Climate-related risks affecting infrastructure and investment viability
- Investor risk aversion and volatility in capital markets
- Competition for bankable projects and skilled professionals
- Reputational risk arising from delayed execution or underperformance

Overall SWOT Implication

- The KZNGFA has a strong mandate and strategic relevance, but performance is constrained by execution, capacity, and systems limitations
- Capitalising on opportunities will require improved operational efficiency, strengthened investment execution, and enhanced stakeholder confidence
- Addressing internal weaknesses is critical to mitigating external threats and achieving the outcomes set out in the 2026/27 Annual Performance Plan

THEORY OF CHANGE

1. Impact

Transform KwaZulu-Natal's economy by providing innovative financing solutions that empower marginalised communities, drive sustainable socio-economic growth, enhance job creation, and promote broad-based Black economic empowerment (B-BBEE).

2. Problem Statement

KwaZulu-Natal continues to experience persistent socio-economic challenges, including high unemployment, limited access to development finance, uneven economic participation, and underinvestment in priority sectors. Historically marginalised groups, including small enterprises and emerging entrepreneurs, face significant barriers in accessing affordable and appropriate financing to participate meaningfully in the provincial economy.

These challenges are compounded by constrained public resources, limited private sector risk appetite, and the need for strong institutional capability within development finance institutions. Without a financially sustainable, operationally efficient, and well-governed provincial development finance agency, efforts to stimulate inclusive economic growth and job creation remain fragmented and insufficient.

3. Strategic Rationale

The KwaZulu-Natal Growth Fund Agency exists to address these challenges by mobilising, managing, and deploying development finance to support catalytic projects that advance inclusive growth, transformation, and employment creation. The Theory of Change is premised on the understanding that strong institutional capability and governance (Programme 1: Administration) are essential enablers for effective and impactful investment delivery (Programme 2: Investment).

By strengthening its internal capacity while expanding access to finance for designated groups and priority sectors, KZNGFA aims to create a sustainable pathway from institutional performance to developmental impact.

4. Inputs

To deliver on its mandate, KZNGFA utilises the following key inputs:

- Public funding and capital allocations
- Skilled human resources and leadership
- Governance structures, policies, and systems
- ICT platforms and digital infrastructure
- Partnerships with government, DFIs, private sector and development partners
- Legislative and regulatory mandate

5. Activities

Programme 1: Administration

- Corporate governance and leadership oversight
- Financial management, cost control, and sustainability initiatives
- Risk management, compliance, and internal controls
- Human capital management and performance management
- Business process improvement and automation
- Stakeholder communication and institutional branding

Programme 2: Investment

- Project origination and pipeline development
- Investment appraisal, structuring, and due diligence
- Disbursement of development finance (debt and equity)
- Portfolio management and post-investment monitoring
- Impact tracking, including job creation
- Outreach to designated groups and priority sectors

6. Outputs

Programme 1 Outputs

- Sound governance and compliance systems
- Improved financial sustainability and operational efficiency
- Automated and streamlined business processes
- Competent, engaged, and high-performing workforce
- Enhanced institutional credibility and brand presence

Programme 2 Outputs

- Approved and funded development projects
- Increased funding allocated to designated groups and priority sectors
- Leveraged co-investment and partnerships
- Monitored investment portfolio
- Job opportunities facilitated through funded projects

7. Outcomes

Through the delivery of the above outputs, KZNGFA will achieve the following strategic outcomes over the five-year planning period:

1. Financial sustainability
2. Operational efficiency
3. Highly ethical and compliant organisation
4. Competent and high-performing workforce
5. Job opportunities facilitated through funded projects
6. Increased brand awareness and relevance

These outcomes represent the medium-term changes required to enable sustained developmental impact.

8. Assumptions

The successful implementation of this Theory of Change assumes that:

- Adequate funding and capitalisation are maintained
- Economic and policy environments remain sufficiently stable

- Governance and leadership continuity is sustained
- There is a viable pipeline of bankable projects
- Stakeholders and partners actively engage with the Agency

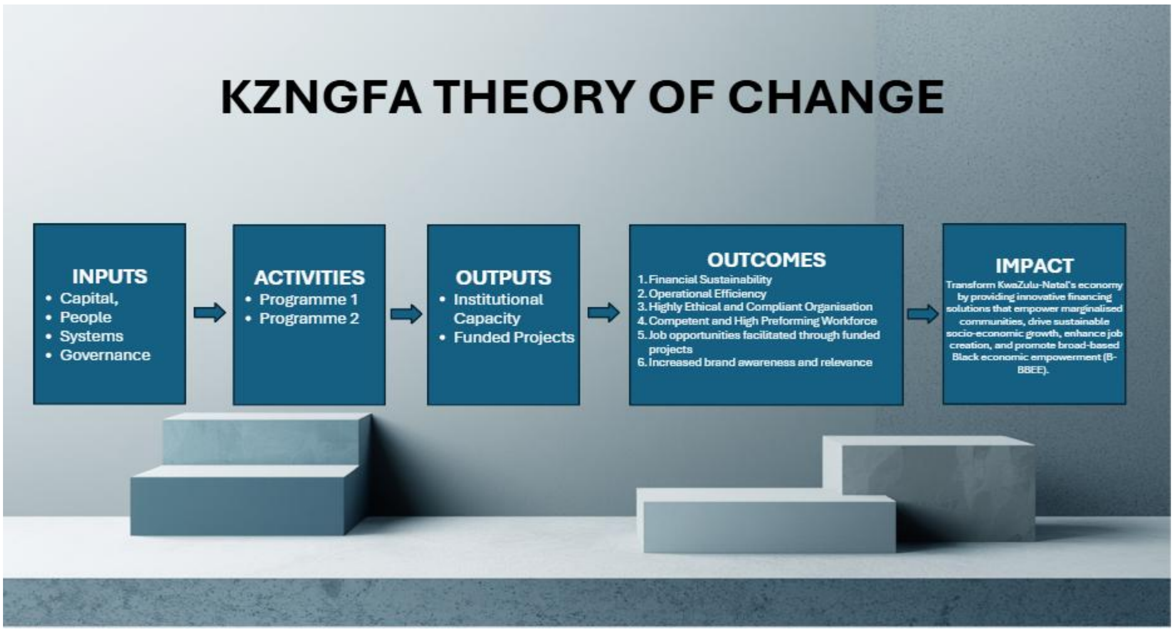
9. Risks and Mitigation

Key risks include economic volatility, limited investment pipeline, institutional capacity constraints, and compliance failures. These risks are mitigated through strengthened governance, risk management, operational efficiency, automation, and continuous monitoring and evaluation.

10. Monitoring and Learning

Progress against this Theory of Change will be monitored through the performance indicators outlined in **Section C: Measuring Our Performance**. Performance information will be used to inform decision-making, enable corrective action, and support learning and continuous improvement over the strategic period.

The information above is summarised in the diagram below:



PART C: MEASURING OUR PERFORMANCE

1. INTRODUCTION

The programmes of THE KZNGFA are structured as two main programmes, namely Finance and Administration and Project Investments, with underlying sub-programmes as summarised in the table below:

PROGRAMME	SUB-PROGRAMMES PER PROGRAMME
Finance and Administration	1.1 Office of the CEO
	1.2 Financial administration
	1.3 Human Resources
	1.4 Information Communication Technology
Project Investments	2.1 Project Administration and Marketing
	2.2 Project origination and appraisal
	2.3 Legal, Risk and Compliance
	2.4 Investment Monitoring and Aftercare

1. PROGRAMME STRUCTURE

Programme 1 - FINANCE AND ADMINISTRATION

The programme provides transversal support to the entire Fund. Below is a brief description of each sub-programme under Programme 1: Finance and Administration:

Sub-programme 1.1: Office of the CEO

The Office of the CEO provides strategic direction and leadership, ensuring alignment across all operational programmes. It is responsible for the effective management of THE KZNGFA and the implementation of strategy, policy, and directives of the Board. The Office is further responsible for performance monitoring and promoting sound corporate governance. The function is further responsible for performance monitoring and managing all stakeholder communication.

Sub-programme 1.2: Financial Administration

Financial Administration provides effective, efficient, and transparent financial management systems and internal control. It encompasses supply chain management, treasury, financial management, reporting and budgeting. The sub-programme ensures that there is an appropriate procurement and provisioning system that is fair, equitable, transparent, competitive, and cost-effective. The function provides management with valid, accurate, and complete financial reports. It also ensures that project risks are identified, allocated to various project participants, and mitigated.

Sub-programme 1.3: Human Resources

The Human Resources (HR) strategic objective is to attract, retain, and develop talented individuals to reach their full potential by creating an innovative working environment. This leads to achieving the KZNGFA’s strategic goals while supporting economic and social development.

Sub-programme 1.4 Information Communication Technology

To provide support for business operations and ensure the smooth operation of computer systems, networks, and software applications to support business functions. Information Communication Technology encompasses aligning the KZNGFA's ICT initiatives with organisational goals, enhancing operational efficiency, ensuring regulatory compliance, and strengthening technological infrastructure security.

Programme 2 - PROJECT INVESTMENTS

The programme is the core function of the Fund. The programme originates and assesses the viability of projects by performing due diligence and thereafter presenting investment proposals to relevant committees for approval. The programme is responsible for negotiating all legal terms with the promoter/investee entity, facilitating financial close, and providing general legal counsel advice on the transaction. The programme is further responsible for marketing and promoting the KZNGFA.

Another facet of the programme is the function of risk and compliance, which coordinates the risk management, legal and compliance activities of the KZNGFA and its investments in projects. The role of this function is to assist management in discharging their responsibilities to comply with applicable legislative and regulatory requirements. This function further assists through the identification, assessment, management, monitoring, and reporting of the risks faced by the Fund.

Below is a brief description of each sub-programme under Programme 1: Finance and Administration.

Sub-programme 2.1: Project Administration and Marketing

The Project Administration function is a support function responsible for the administration matters of the investments division. The main functions include maintaining the project register, compiling monthly and quarterly reports on investments, and screening projects at initial stages to ensure that they meet the KZNGFA's fundamental criteria. Additional functions include marketing the KZNGFA’s product offering to prospective promoters and financial intermediaries, performing preliminary reviews of proposals, conducting project due diligences, compiling, and presenting investment recommendations to the Investment Committee and the Board for approval, as well as overseeing financial close and disbursement.

Sub-programme 2.2: Project Origination and Appraisal
The main purpose of this sub-programme is to source viable investments by performing preliminary reviews of proposals, conducting project due diligences, compiling, and presenting investment recommendations to the Investment Committee and the Board for approval, and overseeing financial close and disbursement.

Sub-programme 2.3: Legal, Risk and Compliance
The main purpose of this sub-programme is to ensure that the approved funds are fully disbursed into viable projects within the availability period. The programme is responsible for negotiating the legal terms with the promoter and facilitating financial close, which requires ensuring that the borrower has met the conditions precedent to loan drawdowns and that disbursements are made in line with the signed legal agreements. Another facet of the programme is the Risk and Compliance function, which coordinates the KZNGFA's risk management and compliance activities. This function assists management in discharging their responsibilities to comply with applicable legislative and regulatory requirements. It further assists through the identification, assessment, management, monitoring, and reporting of the risks faced by the KZNGFA.

Sub-programme 2.4: Post-Investment Monitoring and Aftercare
The post-investment function is responsible for monitoring investments post-disbursement. This entails, amongst others, strengthening pre-investment processes with thorough risk assessment and market research to minimise project defaults. For quality reporting, research and analysis of management reports and annual financial statements are conducted alongside site visit meetings and operations inspections. Projects are monitored for exit opportunities, repayment arrangements, and adherence to loan covenants. As a value add, the function provides strategic guidance and management direction to project companies where an equity investment is held. This will lead to the government realising its return on investment, which it has placed its reliance on the KZNGFA to achieve.

GOVERNANCE STRUCTURES

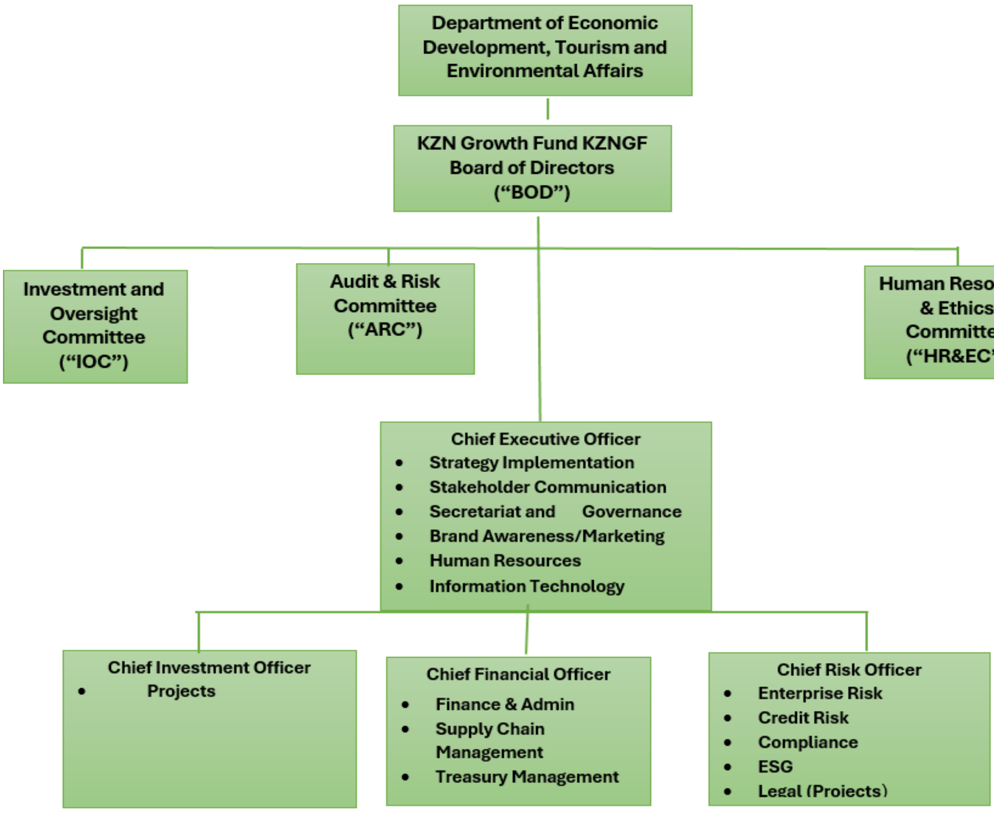
THE KZNGFA’s corporate governance framework and processes align with its obligations to all stakeholders. These obligations form the foundation of THE KZNGFA’s strategy and values, which are inextricably linked to its corporate governance practice.

The Board of THE KZNGFA consists of seven Directors, including the CEO. It is further comprised of the following three sub-committees, which are responsible for decision making to embed the KZNGFA’s strategy and to provide guidance to the KZNGFA in attaining its strategic goals:

i. Audit & Risk Committee.
ii. Investment and Oversight Committee.
iii. Human Resources & Ethics Committee.

These governance structures meet periodically throughout the year to review the KZNGFA's risks, operational, financial, and sustainability performance, and juxtapose this against its strategy at the annual strategy session.

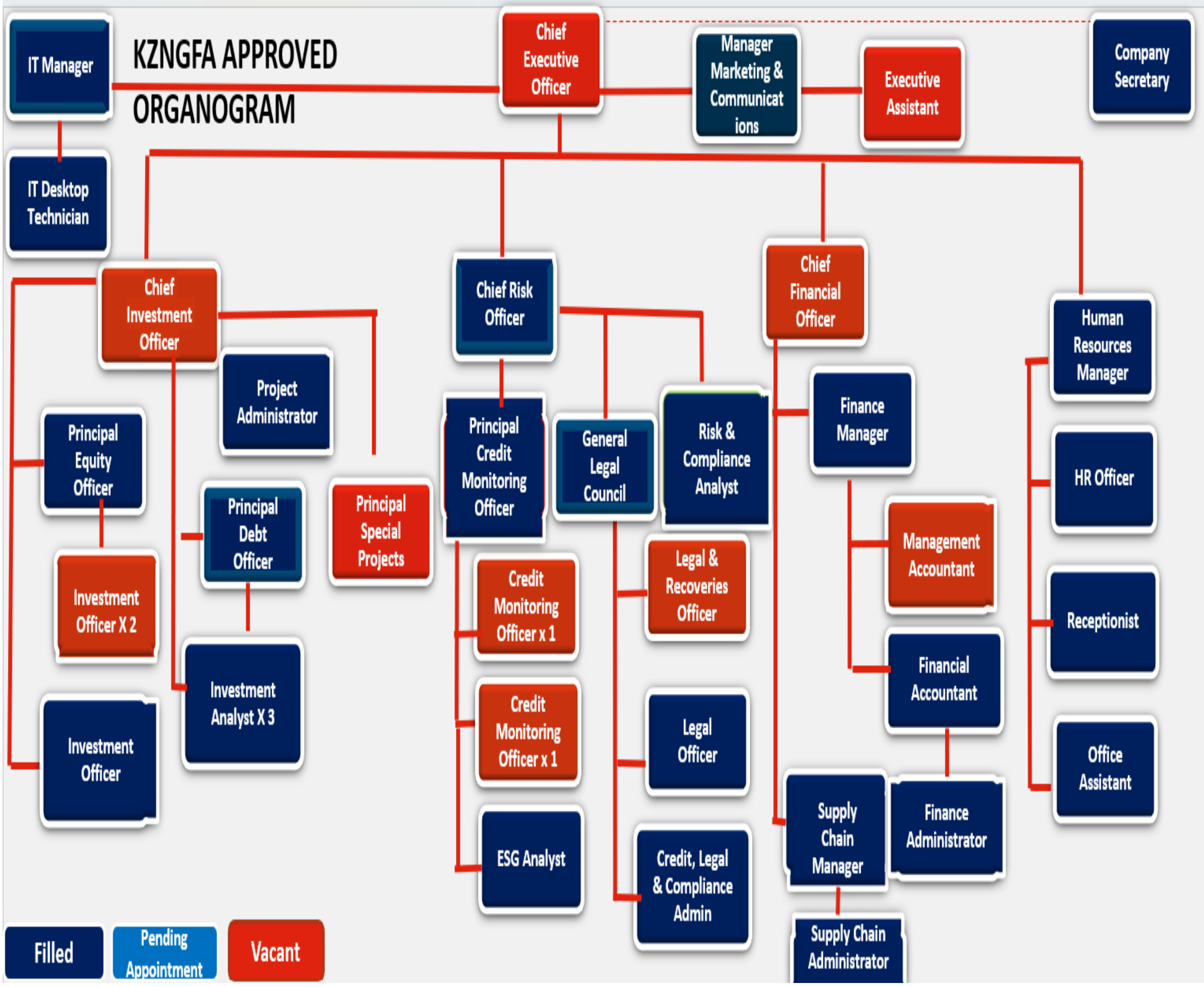
Figure 16: Corporate Governance Structure



ORGANISATIONAL STRUCTURE

The CEO, with the assistance of his executive team, oversees the day-to-day operations of the KZNGFA. The team operates within the Delegation of Authority Framework as approved by the Board.

Figure 17: KZNGFA Organisational Structure



2. IMPACT STATEMENT

IMPACT STATEMENT	Transform KwaZulu-Natal's economy by providing innovative financing solutions that empower marginalised communities, drive sustainable socio-economic growth, enhance job creation, and promote broad-based Black economic empowerment (B-BBEE).

3. MEASURING OUTCOMES

1. Introduction

This section outlines how the KwaZulu-Natal Growth Fund Agency (KZNGFA) will measure its performance over the five-year strategic planning period. It presents the Agency's strategic outcomes, outcome indicators, baselines, and five-year targets, structured by programme in line with the approved programme architecture and the Department of Planning, Monitoring and Evaluation (DPME) Framework for Strategic Plans and Annual Performance Plans.

Although outcomes are organisation-wide, they are driven through specific programmes. Outcomes are therefore grouped under the programme with primary accountability for their achievement.

2. PROGRAMME 1: ADMINISTRATION

Programme Contribution to Outcomes

Programme 1 provides the institutional, governance, financial management, human capital, risk management, and operational support required for KZNGFA to function effectively. This programme underpins the Agency's sustainability, efficiency, ethical conduct, and organisational capacity.

Outcome 1: Financial sustainability

Outcome Indicator	Baseline	Five-Year Target
1.1 Cost-to-revenue ratio	New	70%
1.2 Return on assets	New	5%
1.3 Growth in assets under management	CPI less than 0	CPI
1.4 Percentage of performing loans	14% of stage 1 and 2 loans	75% of stage 1 and 2 loans

Narrative:
This outcome measures KZNGFA's ability to operate on a financially sustainable basis. Improvements in cost efficiency, asset performance, and loan quality are essential to ensuring the long-term viability of the Agency.

Outcome 2: Operational efficiency

Outcome Indicator	Baseline	Five-Year Target
2.1 Average turnaround time for core business processes	240 days	120 days
2.2 Percentage stage of completion of automation	New	100%

Narrative:
This outcome focuses on improving internal processes and systems to enhance service delivery and organisational effectiveness.

Outcome 3: Highly ethical and compliant organisation

Outcome Indicator	Baseline	Five-Year Target
3.1 Audit outcome	Unqualified audit outcome	Unqualified audit outcome
3.2 Number of reported fraud and corruption cases	0	0
3.3 Risk maturity level	Level 2–3	Level 5
3.4 B-BBEE Level	Level 6	Level 3

Narrative:
This outcome reflects the Agency's commitment to ethical conduct, good governance, and regulatory compliance, which are critical to institutional credibility.

Outcome 4: Competent and high-performing workforce

Outcome Indicator	Baseline	Five-Year Target
4.1 Percentage of staff meeting performance standards	N/A	90%
4.2 Employee engagement index	New	80%

Narrative:
This outcome focuses on strengthening organisational capability through improved staff performance and engagement.

3. PROGRAMME 2: INVESTMENT

Programme Contribution to Outcomes

Programme 2 delivers KZNGFA's core investment and development finance mandate. Through this programme, the Agency provides funding to projects, enterprises, and priority sectors, promotes transformation, facilitates job creation, and strengthens its visibility and relevance to stakeholders and beneficiaries.

Outcome 5: Job opportunities facilitated through funded projects

Outcome Indicator	Baseline	Five-Year Target
5.1 Number of direct job opportunities facilitated	775	3 200
5.2 Number of indirect job opportunities facilitated	N/A	640

Narrative:
This outcome measures the contribution of KZNGFA-funded projects to employment creation and inclusive economic growth in KwaZulu-Natal.

Outcome 6: Increased brand awareness and relevance

Outcome Indicator	Baseline	Five-Year Target
6.1 Net Promoter Score	N/A	80%
6.2 Geographic spread of applications	5 districts plus eThekwini	10 districts plus eThekwini

Narrative:
This outcome measures the Agency's visibility, reputation, and reach across the province. Improved brand awareness and geographic coverage are expected to enhance access to funding and stakeholder engagement.

4. Linkage Between Programmes, the Strategic Plan and the APP

The outcomes presented in this section constitute the strategic performance framework for the five-year period and are delivered through the two programmes of the Agency. These outcomes are translated annually into outputs and targets through the Annual Performance Plan, ensuring alignment between strategic intent and operational delivery.

5. Use of Performance Information

Performance information will be used to:

- Monitor progress towards programme and organisational outcomes
- Inform management and Board decision-making
- Support oversight by the Shareholder and relevant authorities
- Enable transparent reporting and accountability
- Promote continuous improvement and organisational learning

6.3 EXPLANATION OF PLANNED PERFORMANCE OVER THE FIVE-YEAR PLANNING PERIOD

1. Purpose of Planned Performance

The planned performance over the five-year strategic planning period reflects the KwaZulu-Natal Growth Fund Agency's (KZNGFA) intention to progressively strengthen its institutional sustainability while expanding its developmental impact in the province. The planned performance is informed by the Agency's mandate, legislative framework, strategic objectives, and the outcomes articulated in this Strategic Plan.
In line with the Department of Planning, Monitoring and Evaluation (DPME) Framework for Strategic Plans, planned performance over the five-year period focuses on the **achievement of outcomes**, rather than short-term activities. These outcomes are driven through two programmes—Administration and Investment—and are operationalised annually through the Annual Performance Plan (APP).

2. Overview of Planned Performance Trajectory

Over the five-year period, KZNGFA's performance trajectory is characterised by:

- Strengthening **financial sustainability and institutional capability** in the short to medium term
- Improving **operational efficiency, governance, and compliance** as enabling conditions
- Expanding **investment activity, access to funding, and developmental impact** over the medium to long term
- Enhancing **organisational visibility, relevance, and stakeholder confidence** across the province

The sequencing of performance improvements recognises that strong administration and governance are prerequisites for sustained investment impact.

3. Planned Performance by Programme

3.1 Programme 1: Administration

Strategic Focus Over the Five-Year Period

Over the planning period, Programme 1 will focus on strengthening the internal capacity of the Agency to support sustainable operations and effective delivery of the investment mandate. Planned performance under this programme is centred on improving financial sustainability, operational efficiency, ethical conduct, workforce performance, and overall organisational effectiveness.

Planned Performance Outcomes

Planned performance under Programme 1 will be directed towards achieving the following outcomes:

- **Financial sustainability**, measured through improvements in cost efficiency, asset performance, and loan quality
- **Operational efficiency**, reflected in reduced turnaround times for core business processes and the completion of automation initiatives
- **A highly ethical and compliant organisation**, evidenced by sustained unqualified audit outcomes, zero tolerance for fraud and corruption, improved risk maturity, and enhanced B-BBEE performance
- **A competent and high-performing workforce**, demonstrated through improved staff performance levels and employee engagement

Performance Progression Over Time

In the initial years of the planning period, emphasis will be placed on stabilising internal systems, refining processes, and establishing baselines for new indicators. As these foundations are strengthened, the Agency will progressively improve efficiency ratios, automation levels, and workforce performance. By the end of the five-year period, KZNGFA aims to operate as a financially sustainable, well-governed, and high-performing institution capable of supporting increased investment activity.

3.2 Programme 2: Investment

Strategic Focus Over the Five-Year Period

Programme 2 represents the core developmental mandate of KZNGFA. Over the five-year period, planned performance under this programme focuses on expanding access to finance, supporting job creation, promoting transformation, and enhancing the Agency's visibility and reach across KwaZulu-Natal.

Planned Performance Outcomes

Planned performance under Programme 2 will be directed towards achieving the following outcomes:

- **Job opportunities facilitated through funded projects**, reflecting the Agency's contribution to economic growth and employment creation
- **Increased access to funding for designated groups and priority sectors**, supporting transformation and inclusive development
- **Increased brand awareness and relevance**, ensuring that KZNGFA's products and services are accessible to intended beneficiaries across the province

Performance Progression Over Time

During the early years of the planning period, the focus will be on expanding the investment pipeline, improving outreach, and establishing reliable baselines for new indicators. As institutional capacity strengthens, the Agency will progressively increase funding allocations to designated groups and priority sectors, while facilitating higher levels of job creation through funded projects. By the end of the planning period, KZNGFA aims to demonstrate measurable developmental impact, broader geographic reach, and improved stakeholder perceptions.

4. Alignment Between Planned Performance, Outcomes and the APP

Planned performance over the five-year period is directly aligned to the outcomes set out in Section C of this Strategic Plan. These outcomes are translated into measurable annual commitments through the Annual Performance Plan, where specific outputs, indicators, and annual targets are defined.

This approach ensures:

- Clear alignment between **strategic intent and operational delivery**
- Consistency between the Strategic Plan and APP
- A coherent performance management system that supports planning, monitoring, reporting, and evaluation

6. Management of Performance Over the Planning Period

The achievement of planned performance will be supported through:

- Regular monitoring of outcome and output indicators
- Annual performance reviews and reporting
- Ongoing refinement of baselines and targets where required
- Use of performance information to inform decision-making and corrective action

Performance will be overseen by management and the Board, with reporting conducted in line with applicable legislative and regulatory requirements.

7. Conclusion

The planned performance over the five-year planning period reflects KZNGFA's commitment to building a sustainable, efficient, and ethical institution that delivers meaningful developmental impact. Through the phased strengthening of internal capacity and the progressive expansion of investment activity, the Agency aims to achieve the outcomes set out in this Strategic Plan and contribute to inclusive economic growth in KwaZulu-Natal.

4. KEY RISKS AND MITIGATION

RISK	DESCRIPTION	RISK MITIGATION	OUTCOME
Socio-Political Risk	Exposure to political and social instability	Monitor the political landscape by constant engagement/ lobbying with key stakeholders. Politically exposed Persons (PEP) and Prominent Influential Persons (PIP) policy is in place to manage bias and favouritism.	Enhanced accountability, sustained policy relevance and strong compliance framework leading to reduced risk exposure and improved stakeholder trust.
Funding and Liquidity risk	The inability of the KZNGFA to raise new funding, disburse on approved projects and loan collection.	KZNGFA Corporate objectives aligned with provincial strategic objectives. Due diligence processes and procedures are in place to assess new clients in terms of capacity to pay back loans in advance to them. Investment Policy and Procedures are in place to guide employees in executing transactions.	Improved investor confidence improved lean and agile operations, sustained business growth and improved solvency position.
People and Organisational Culture Risk	Tolerance to poor performance and lack of accountability.	The Change Management Committee is in place to manage organisational	High performing organisation and a positive work environment culture.

RISK	DESCRIPTION	RISK MITIGATION	OUTCOME
		change and development matters. Training and development policies and programmes are in place to advance employees' career aspirations and/or progression. A performance management policy is in place to reinforce transparency, accountability, fairness and improved overall organisational performance.	
Financial Sustainability Risk	Potential for the KZNGFA to encounter difficulties in maintaining its financial viability over the long term.	Financial and ERM Policy Framework are in place to improve the systems of financial management and internal controls. Diversification of revenue sources is in place. Regular strategic and operational risk assessments are conducted to identify new and emerging risks and	Improved planning process and decision-making and assisted the entity in achieving long-term financial sustainability.

RISK	DESCRIPTION	RISK MITIGATION	OUTCOME
		corresponding mitigants.	
Compliance and Regulatory Risk	Inability to comply with Policies and statutory regulations	Regular monitoring and reporting of non-compliance is performed quarterly. A Whistle-blowing mechanism through the whistle-blowing policy is in place to ensure the reporting of unauthorised deviations and non-compliance. Consequence management is in place to correct misbehaviour and intentional non-compliance.	Reduced legal risks. Improved risk management and sustainable business practices and internal controls. Streamlined compliance processes leading to operational efficiencies.
Information and Communication Technology Risk	Failure of Technological infrastructure	Data loss prevention measures are implemented. ICT Security policy and procedures approved and implemented. Comprehensive cybersecurity plans are in place Monitor Backup and Disaster Recovery plans.	Proactive risk management, improved protection of Organisational ICT assets, reduced costs, high system reliability and stronger internal operational collaborations.
Fraud and Corruption Risk	Bribery, Theft, and misuse of assets	The gift policy and register are	Reduced financial loss and reputational risk due to fraudulent

RISK	DESCRIPTION	RISK MITIGATION	OUTCOME
		maintained and reviewed annually. Policies and standard operating procedures are in place to enforce the segregation of duties and unauthorised access. Whistleblowing hotline policies and procedures are in place. Disciplinary process in place for fraud, theft, and corruption.	activities. Improved stakeholder confidence and
Reputation Risk	Potential damage to the KZNGFA's image may have an impact on the sustainability of the organisation.	Marketing Policy is implemented. Social media is optimally used to rebuild the organisational brand.	Strong Organisational brand image and improved investor confidence. Reduced legal costs.

PART D: TECHNICAL INDICATOR DESCRIPTION (TID)

PROGRAMME 1: ADMINISTRATION

Outcome 1: Financial sustainability

TID 1: Cost-to-Revenue Ratio

Element	Description
Strategic Outcome	Financial sustainability
Programme	Programme 1: Administration
Indicator Name	Cost-to-revenue ratio
Indicator Description	Measures the proportion of total operating costs relative to total revenue generated by the Agency.
Rationale / Purpose	To assess cost efficiency and long-term financial sustainability.
Type of Indicator	Outcome
Calculation Method	Total operating expenditure ÷ Total revenue × 100
Unit of Measurement	Percentage (%)
Data Source	Audited annual financial statements
Method of Data Collection	Review of audited financial records
Frequency of Reporting	Annually
Baseline	New
Five-Year Target	70%
Means of Verification	Auditor-General report and audited AFS
Responsibility	Chief Financial Officer
Assumptions	Stable funding environment and effective cost control
Data Limitations	Timing of audited financial information

TID 2: Return on Assets

Element	Description
Strategic Outcome	Financial sustainability
Programme	Programme 1: Administration
Indicator Name	Return on assets
Indicator Description	Measures the efficiency with which the Agency uses its assets to generate returns.
Rationale / Purpose	To assess asset utilisation and financial performance.
Type of Indicator	Outcome
Calculation Method	Net surplus ÷ Total assets × 100
Unit of Measurement	Percentage (%)
Data Source	Audited annual financial statements
Method of Data Collection	Financial analysis
Frequency of Reporting	Annually
Baseline	New
Five-Year Target	5%
Means of Verification	Audited financial statements
Responsibility	Chief Financial Officer
Assumptions	Productive asset utilisation
Data Limitations	Dependent on annual audit cycle

TID 3: Growth in Assets under Management

Element	Description
Strategic Outcome	Financial sustainability
Programme	Programme 1: Administration
Indicator Name	Growth in assets under management
Indicator Description	Measures year-on-year growth in assets managed by the Agency.
Rationale / Purpose	To assess growth in financial capacity.
Type of Indicator	Outcome
Calculation Method	Percentage change in assets under management year-on-year
Unit of Measurement	Percentage (%)
Data Source	Audited financial statements
Method of Data Collection	Financial records review
Frequency of Reporting	Annually
Baseline	CPI less than 0
Five-Year Target	CPI
Means of Verification	Audited AFS
Responsibility	Chief Financial Officer
Assumptions	Stable economic conditions
Data Limitations	Inflation volatility

TID 4: Percentage of Performing Loans

Element	Description
Strategic Outcome	Financial sustainability
Programme	Programme 1: Administration
Indicator Name	Percentage of performing loans
Indicator Description	Measures the proportion of loans classified as Stage 1 and Stage 2.
Rationale / Purpose	To assess loan book quality and sustainability.
Type of Indicator	Outcome
Calculation Method	Performing loans ÷ Total loan book × 100
Unit of Measurement	Percentage (%)
Data Source	Loan portfolio management system
Method of Data Collection	Portfolio analysis
Frequency of Reporting	Quarterly / Annually
Baseline	14% of stage 1 and 2 loans
Five-Year Target	75% of stage 1 and 2 loans
Means of Verification	Portfolio performance reports
Responsibility	Investment and Risk Units
Assumptions	Effective credit risk management
Data Limitations	Exposure to economic shocks

Outcome 2: Operational efficiency

TID 5: Average Turnaround Time for Core Business Processes

Element	Description
Strategic Outcome	Operational efficiency
Programme	Programme 1: Administration
Indicator Name	Average turnaround time for core business processes
Indicator Description	Measures the average number of days taken to complete core business processes.
Rationale / Purpose	To improve service delivery efficiency.
Type of Indicator	Outcome
Calculation Method	Total processing days ÷ Number of completed cases
Unit of Measurement	Number of days
Data Source	Operational tracking systems
Method of Data Collection	Process monitoring
Frequency of Reporting	Quarterly
Baseline	240 days
Five-Year Target	120 days
Means of Verification	Operational performance reports
Responsibility	Programme Managers
Assumptions	Stable workload
Data Limitations	Process variation

TID 6: Percentage Stage of Completion of Automation

Element	Description
Strategic Outcome	Operational efficiency

Element	Description
Programme	Programme 1: Administration
Indicator Name	Percentage stage of completion of automation
Indicator Description	Measures progress towards full automation of identified business processes.
Rationale / Purpose	To modernise systems and improve efficiency.
Type of Indicator	Outcome
Calculation Method	Automated processes ÷ Total identified processes × 100
Unit of Measurement	Percentage (%)
Data Source	ICT implementation reports
Method of Data Collection	Progress reporting
Frequency of Reporting	Annually
Baseline	New
Five-Year Target	100%
Means of Verification	Approved ICT reports
Responsibility	Corporate Services / ICT
Assumptions	Adequate funding and capacity
Data Limitations	Scope changes

Outcome 3: Highly ethical and compliant organisation

TID 7: Audit Outcome

Element	Description
Strategic Outcome	Highly ethical and compliant organisation

Element	Description
Programme	Programme 1: Administration
Indicator Name	Audit outcome
Indicator Description	Reflects the audit opinion issued by the Auditor-General.
Rationale / Purpose	To ensure sound financial management and governance.
Type of Indicator	Outcome
Calculation Method	Not applicable
Unit of Measurement	Audit opinion
Data Source	Auditor-General of South Africa
Method of Data Collection	Review of AGSA report
Frequency of Reporting	Annually
Baseline	Unqualified audit outcome
Five-Year Target	Unqualified audit outcome
Means of Verification	Auditor-General report
Responsibility	Accounting Authority
Assumptions	Continued compliance
Data Limitations	None

TID 8: Number of Reported Fraud and Corruption Cases

Element	Description
Strategic Outcome	Highly ethical and compliant organisation
Programme	Programme 1: Administration
Indicator Name	Number of reported fraud and corruption cases
Indicator Description	Measures the number of reported fraud and corruption cases.

Element	Description
Rationale / Purpose	To promote zero tolerance for fraud and corruption.
Type of Indicator	Outcome
Calculation Method	Count of reported cases
Unit of Measurement	Number
Data Source	Ethics hotline and risk registers
Method of Data Collection	Review of reports
Frequency of Reporting	Annually
Baseline	0
Five-Year Target	0
Means of Verification	Ethics and risk reports
Responsibility	Risk Management
Assumptions	Effective controls
Data Limitations	Under-reporting risk

TID 9: Risk Maturity Level

Element	Description
Strategic Outcome	Highly ethical and compliant organisation
Programme	Programme 1: Administration
Indicator Name	Risk maturity level
Indicator Description	Measures the maturity of enterprise risk management.
Rationale / Purpose	To strengthen risk governance.
Type of Indicator	Outcome
Calculation Method	Risk maturity assessment

Element	Description
Unit of Measurement	Risk maturity level
Data Source	Risk assessment reports
Method of Data Collection	Annual assessment
Frequency of Reporting	Annually
Baseline	Level 2–3
Five-Year Target	Level 5
Means of Verification	Risk maturity report
Responsibility	Risk Management Unit
Assumptions	Management commitment
Data Limitations	Assessment subjectivity

TID 10: B-BBEE Level

Element	Description
Strategic Outcome	Highly ethical and compliant organisation
Programme	Programme 1: Administration
Indicator Name	B-BBEE Level
Indicator Description	Reflects the Agency’s verified B-BBEE level.
Rationale / Purpose	To measure transformation progress.
Type of Indicator	Outcome
Calculation Method	B-BBEE verification
Unit of Measurement	B-BBEE Level
Data Source	Verified B-BBEE certificate

Element	Description
Method of Data Collection	Annual verification
Frequency of Reporting	Annually
Baseline	Level 6
Five-Year Target	Level 3
Means of Verification	B-BBEE certificate
Responsibility	Corporate Services
Assumptions	Stable regulatory framework
Data Limitations	Verification dependency

Outcome 4: Competent and high-performing workforce

TID 11: Percentage of Staff Meeting Performance Standards

Element	Description
Strategic Outcome	Competent and high-performing workforce
Programme	Programme 1: Administration
Indicator Name	Percentage of staff meeting performance standards
Indicator Description	Measures staff performance against agreed standards.
Rationale / Purpose	To assess workforce effectiveness.
Type of Indicator	Outcome

Element	Description
Calculation Method	Employees meeting standards ÷ Total employees × 100
Unit of Measurement	Percentage (%)
Data Source	Performance management system
Method of Data Collection	Performance reviews
Frequency of Reporting	Annually
Baseline	N/A
Five-Year Target	90%
Means of Verification	Performance reports
Responsibility	Human Resources
Assumptions	Functional PMS
Data Limitations	Subjectivity

TID 12: Employee Engagement Index

Element	Description
Strategic Outcome	Competent and high-performing workforce
Programme	Programme 1: Administration
Indicator Name	Employee engagement index
Indicator Description	Measures employee engagement levels.
Rationale / Purpose	To assess organisational climate.
Type of Indicator	Outcome
Calculation Method	Engagement survey score
Unit of Measurement	Index (%)
Data Source	Employee engagement survey

Element	Description
Method of Data Collection	Survey
Frequency of Reporting	Annually
Baseline	New
Five-Year Target	80%
Means of Verification	Survey report
Responsibility	Human Resources
Assumptions	High response rate
Data Limitations	Response bias

PROGRAMME 2: INVESTMENT

Outcome 5: Job opportunities facilitated through funded projects

TID 13: Number of Direct Job Opportunities Facilitated

Element	Description
Strategic Outcome	Job opportunities facilitated through funded projects
Programme	Programme 2: Investment
Indicator Name	Number of direct job opportunities facilitated
Indicator Description	Counts direct jobs created through funded projects.
Rationale / Purpose	To measure employment impact.
Type of Indicator	Outcome
Calculation Method	Sum of reported direct jobs
Unit of Measurement	Number

Element	Description
Data Source	Project monitoring reports
Method of Data Collection	Project reporting
Frequency of Reporting	Annually
Baseline	775
Five-Year Target	3 200
Means of Verification	Approved project reports
Responsibility	Investment Unit
Assumptions	Accurate reporting
Data Limitations	Time lag

TID 14: Number of Indirect Job Opportunities Facilitated

Element	Description
Strategic Outcome	Job opportunities facilitated through funded projects
Programme	Programme 2: Investment
Indicator Name	Number of indirect job opportunities facilitated
Indicator Description	Counts indirect jobs supported through funded projects.
Rationale / Purpose	To measure indirect employment impact.
Type of Indicator	Outcome
Calculation Method	Sum of reported indirect jobs
Unit of Measurement	Number
Data Source	Project monitoring reports
Method of Data Collection	Project reporting
Frequency of Reporting	Annually

Element	Description
Baseline	N/A
Five-Year Target	640
Means of Verification	Project reports
Responsibility	Investment Unit
Assumptions	Consistent reporting
Data Limitations	Attribution complexity

Outcome 6: Increased brand awareness and relevance

TID 17: Net Promoter Score

Element	Description
Strategic Outcome	Increased brand awareness and relevance
Programme	Programme 2: Investment
Indicator Name	Net Promoter Score
Indicator Description	Measures stakeholder willingness to recommend KZNGFA.
Rationale / Purpose	To assess reputation and satisfaction.
Type of Indicator	Outcome
Calculation Method	Net Promoter Score methodology
Unit of Measurement	Score (%)
Data Source	Stakeholder surveys
Method of Data Collection	Survey
Frequency of Reporting	Annually

Element	Description
Baseline	N/A
Five-Year Target	80%
Means of Verification	Survey report
Responsibility	Communications / Investment
Assumptions	Adequate responses
Data Limitations	Perception bias

TID 18: Geographic Spread of Applications

Element	Description
Strategic Outcome	Increased brand awareness and relevance
Programme	Programme 2: Investment
Indicator Name	Geographic spread of applications
Indicator Description	Measures number of districts from which applications are received.
Rationale / Purpose	To assess provincial reach.
Type of Indicator	Outcome
Calculation Method	Count of districts represented
Unit of Measurement	Number of districts
Data Source	Application database
Method of Data Collection	Application tracking
Frequency of Reporting	Annually
Baseline	5 districts plus eThekwini
Five-Year Target	10 districts plus eThekwini

Element	Description
Means of Verification	Application reports
Responsibility	Investment / Communications
Assumptions	Effective outreach
Data Limitations	Uneven distribution