

Industrial Development Corporation

Driving Industrial Capacity Development

**IDC Corporate Plan
2012/13 to 2016/17**

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Purpose of the Presentation

- To provide an overview of IDC's sector development strategies for the 2012/13 financial year;
- IDC will report on its performance for 2011/12 later in the year and as such, information on current performance is not included in this presentation.
- During the year, IDC has been working closely with EDD, Khula and Samaf on the project to establish a new small business funding entity – this business plan will be presented to the committee separately and as such, neither IDC's corporate plan nor this presentation covers this merger in detail.

Introducing IDC

Vision, mission, objective and values

Vision

To be “the primary driving force of commercially sustainable industrial development and innovation to the benefit of South Africa and the rest of the African continent”

Mission

The IDC is self-financing national development finance institution whose primary objectives are to contribute to the generation of balanced, sustainable economic growth in Africa and to the economic empowerment of the South African population, thereby promoting the economic prosperity of all citizens. The IDC achieves this by promoting entrepreneurship through the building of competitive industries and enterprises based on sound business principles.

Objective

Support industrial capacity development

Outcomes

- Facilitate sustainable direct and indirect employment
- Regional equity (including development of the rest of Africa)
- Growing the entrepreneur and SME sector
- Expansionary and/or broad-based black economic empowerment
- Environmentally sustainable growth
- Grow sectoral diversity and increase localisation

Values

Passion

Professionalism

Partnership

Strategy: Leadership in Industrial Development

Pillars of IDC's strategy

Industrial Development

- Sector focus in line with NGP and IPAP2
- Project development
- Industrial finance
- Sector development strategies
- Regional industrial integration

Contributing to an Enabling Environment

- Proactive role in shaping and influencing policy
- Factors impeding industry development
- Role clarification, partnership with and support for other DFIs

Leveraging IDC's Portfolio for Maximum Impact

- Segmenting IDC's portfolio and designing customised funding schemes as an enabler for development
- IDC's funding model

Customer Service and Environmental Impact

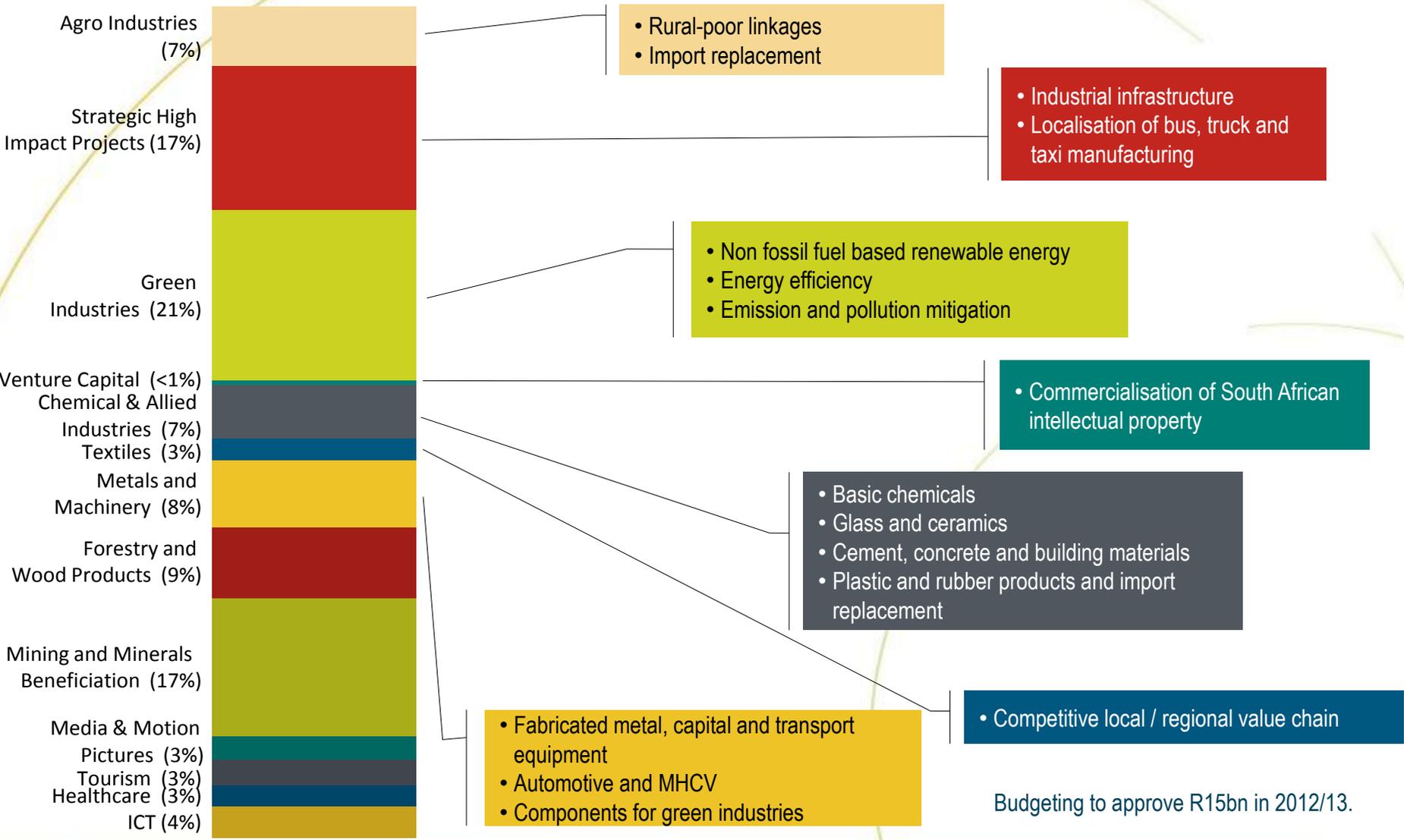
- Improved customer service
- Improved efficiencies
- Reducing IDC's impact on the environment
- Reducing industries/IDC client impact on environment



The primary driving force of commercially sustainable industrial development and innovation to the benefit of South Africa and the rest of the African continent

- Strategy focussed on implementation of industry related issues of the New Growth Path and Industrial Policy Action Plan;
- IDC's sectoral involvement aligned with these policies;
- Playing a bigger role in proactively developing these key sectors through project development.

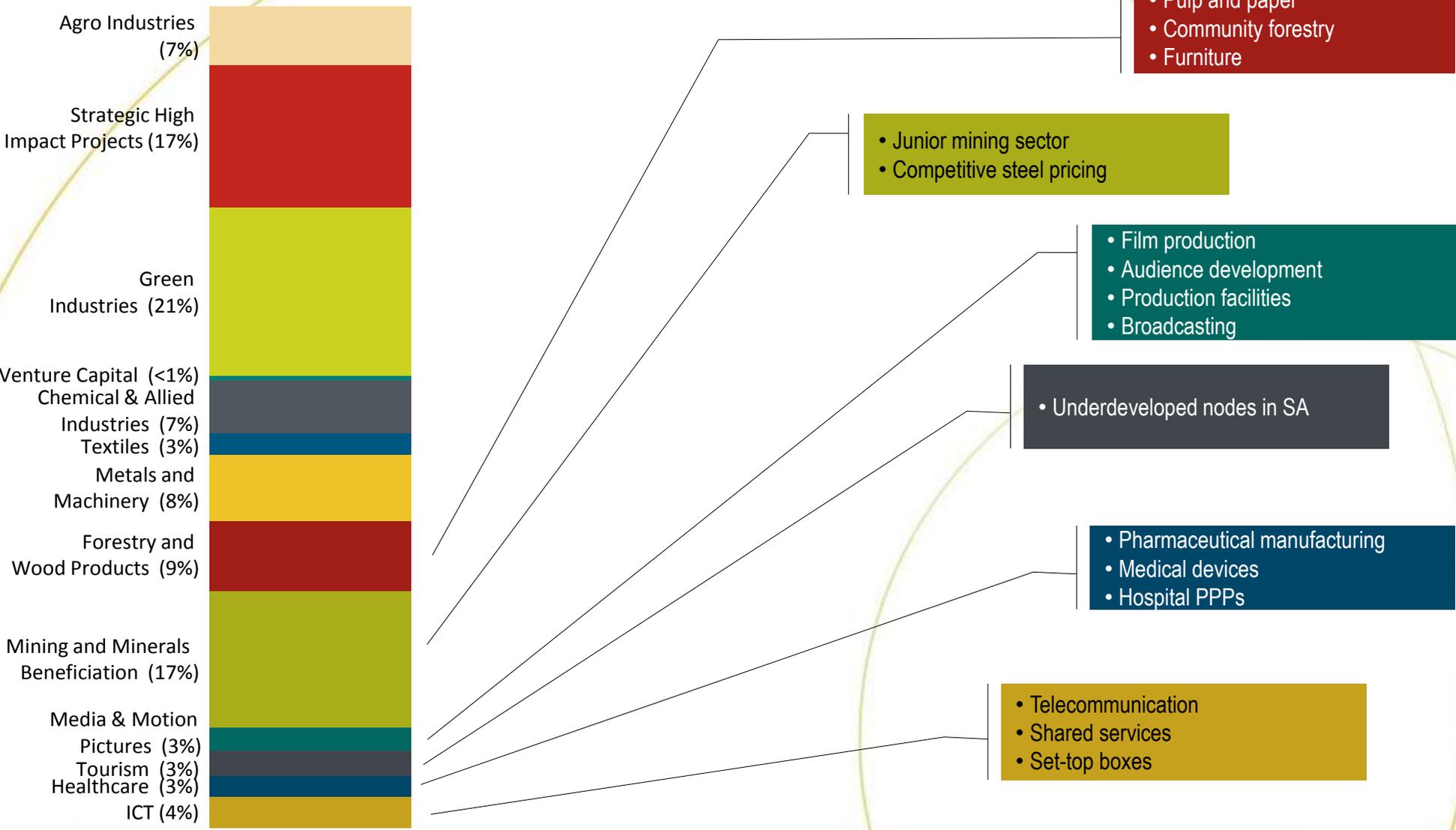
Budgeted Investment Values – 2012/13

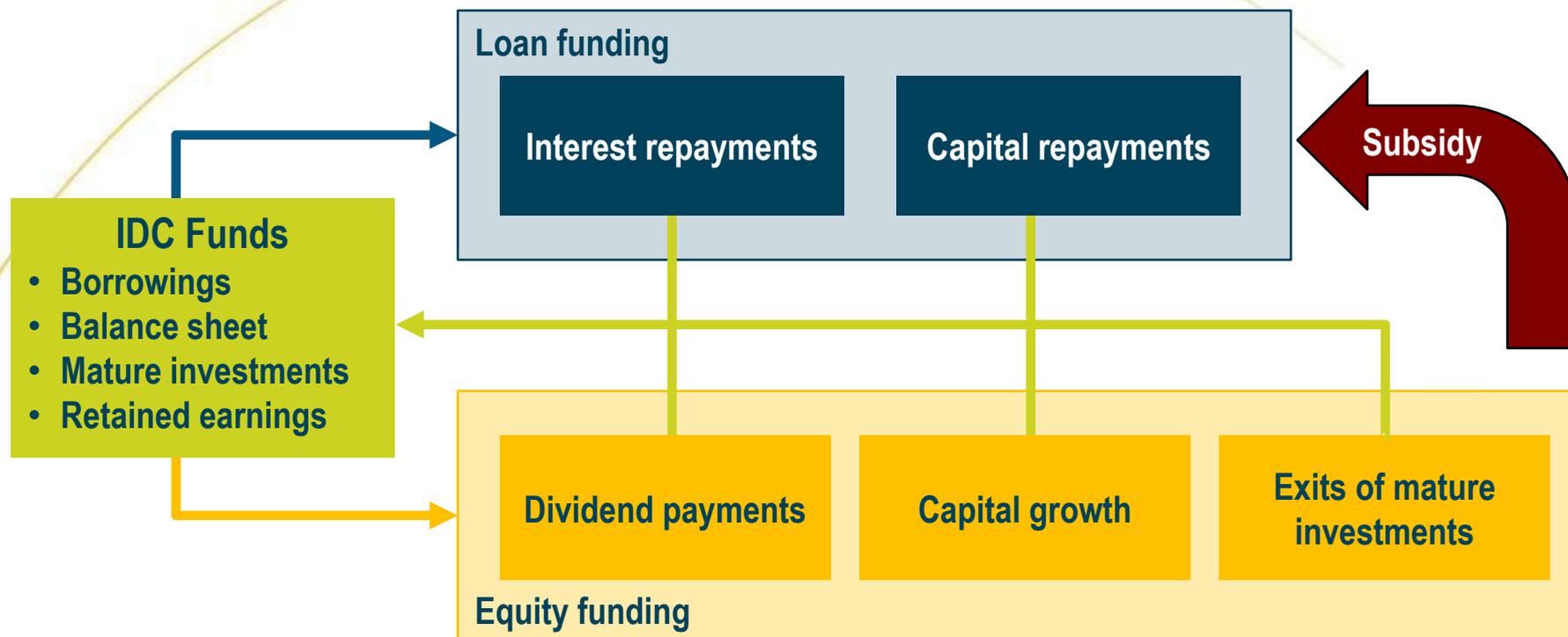


Budgeting to approve R15bn in 2012/13.

Focus Areas for 2012/13

Budgeted Investment Values – 2012/13

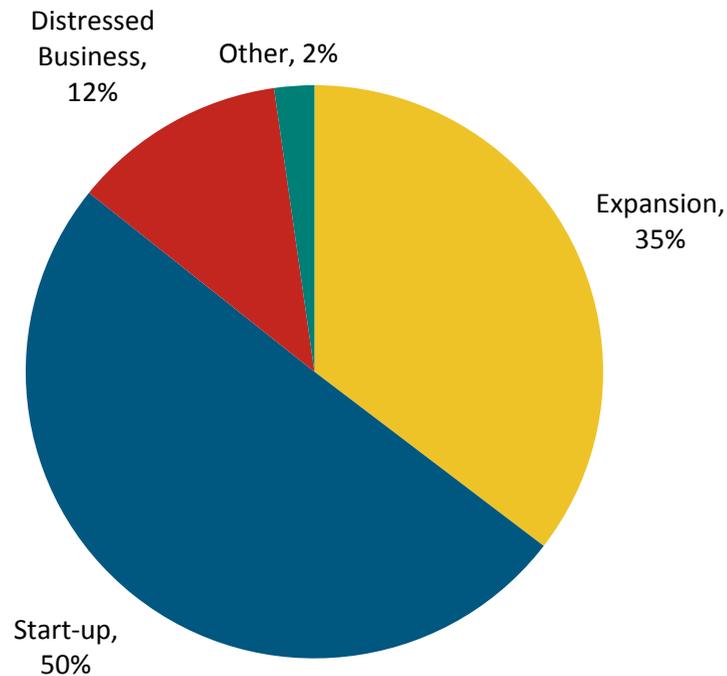




IDC relies on borrowings, internal profitability, capital growth and exits from mature investments to maintain and expand its funding ability

The balance between the corporation's developmental role and financial performance is maintained by relying on proceeds from mature equity investments (both dividends and capital growth) to cross-subsidise higher risk activities and the loan portfolio.

Utilisation of New Funding Approved – April 2009 to February 2012



A greater emphasis on funding start-ups requires a strong balance sheet to withstand the impact of potential failures

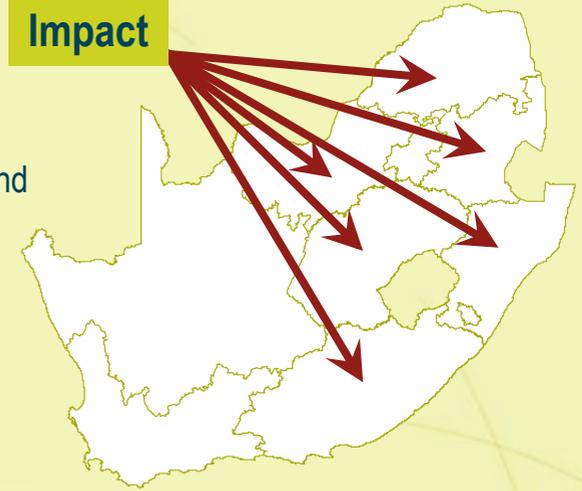
Examples of Sector Strategies

Agro-Industries

Rural/poor linkage initiative

- **Objective** – Increase rural development and poverty alleviation in rural areas;
- **Description**
 - Utilise investment in the agro-processing sector to create demand for primary agricultural products;
 - Incentivise agro-processors to source raw materials from emerging farmers and provide the necessary non-financial support;
 - Establish agri-business support organisations to provide technical assistance and other services to emerging farmers;
 - E.g. funding for a dairy enabling increased potential for livestock farming.
- **Impact**
 - Job creation in rural areas and agriculture based communities across South Africa;
 - Expansionary and broad-based black economic empowerment.

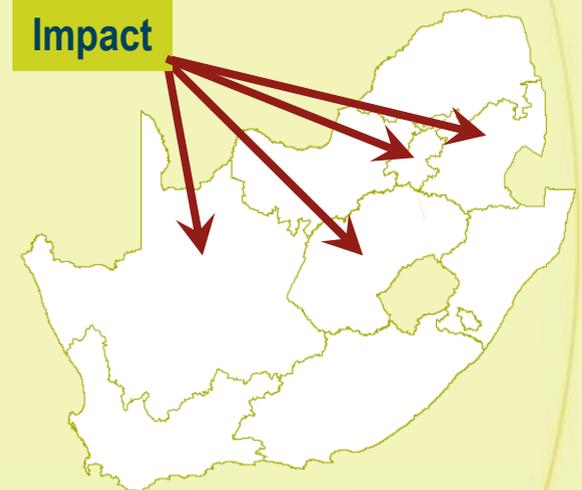
Impact



Import replacement

- **Objective** – Establish agro-processing activities that will replace imported products and create demand for SA based agriculture;
- **Description**
 - Development of the malt and edible oils industries through support for project development in these areas;
 - E.g. production of malt, soya processing;
- **Impact**
 - Job creation in several rural areas, but particularly in the Northern Cape, Gauteng, Free State and Mpumalanga;
 - Improvement in SA's balance of payments.

Impact

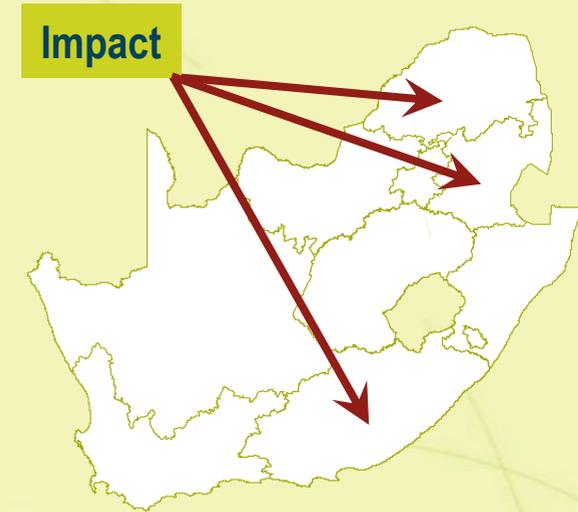


Examples of Sector Strategies

Strategic High Impact Projects

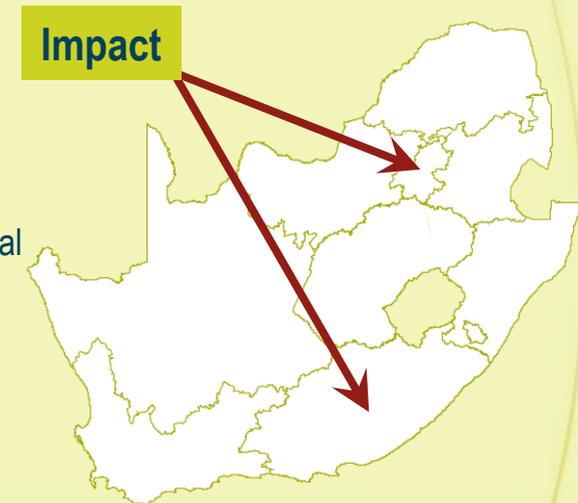
Industrial Infrastructure

- **Objective** – Unlock the industrial capacity of underdeveloped regions;
- **Description** – Work closely with government to identify and develop opportunities;
 - Engaging with PICC for roll out plans;
 - Engaging with Eskom and Transnet on industrialisation opportunities;
 - E.g. railway capacity in the Eastern Cape and Limpopo;
- **Impact** – Job creation and industrialisation in areas relying on a mostly agrarian economy.



Localisation of Bus, Truck and Taxi Manufacturing

- **Objective** – Greater localisation of government procurement and increased industrialisation;
- **Description** – Develop projects and attract foreign investors to increase local production of transport equipment;
 - First round of will focus on increasing local assembly capacity, with the potential for increased manufacturing of components being investigated;
- **Impact** – Job creation and industrialisation;
 - Enabler for local procurement for busses as per the regulations of the Preferential Procurement Policy Framework Act.

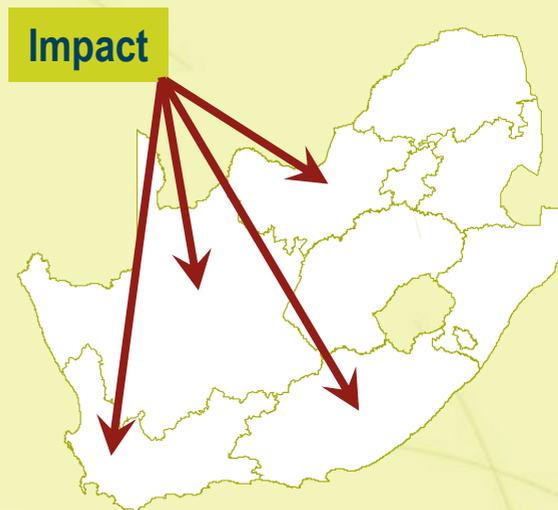


Examples of Sector Strategies

Green Industries

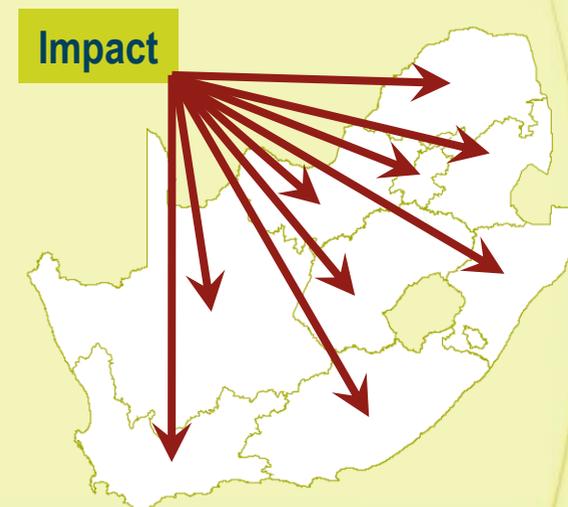
Renewable Energy

- **Objective**
 - Establish a new industry in SA;
 - Assist with making SA's economy less carbon intensive;
- **Description**
 - Participate in developing and funding projects bidding for the Renewable Energy IPP (REIPP) programme;
 - E.g. during the 1st round bidding process, IDC funded projects in the wind and solar generation industry to be located in the Northern Cape, Western Cape, Eastern Cape and North West were successful;
- **Impact**
 - Community participation and upliftment;
 - Potential for the development of the component industry.



Energy Efficiency

- **Objective**
 - Assist companies to use electricity efficiently;
 - Alleviate pressure on the electricity system;
- **Description**
 - Provide support to companies to identify and implement energy saving measures;
 - Funding of further solar water heater roll-out initiatives.
- **Impact**
 - Job creation through the service industry;
 - More sustainable and competitive industries.



Examples of Sector Strategies

Forestry and Wood Products

Community Based Forestry Projects

- **Objective** – Rural development;
– Ensuring sufficient forest resources;
- **Description** – Assisting rural communities to develop sustainable forestry projects and provide funding for these projects;
- **Impact** – Sustainable development of restituted land in the Eastern Cape and KwaZulu-Natal;
– Increased timber supply.

Impact

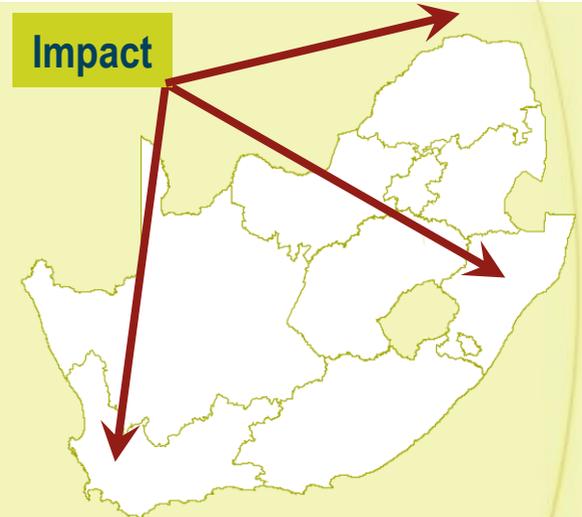


Clothing and Textiles

Competitive Local/Regional Value Chain

- **Objective** – Stabilise the local textiles and clothing industry to stem further job losses and build a basis for potential future growth;
- **Description** – Develop and implement projects in the region (outside SA) that will enable SA companies to source inputs more competitively;
– Continued implementation of the CTCIP;
– E.g. cotton production in Zimbabwe;
- **Impact** – Retention and creation of jobs, particularly in KwaZulu-Natal and the Western Cape;
– Regional value chain integration.

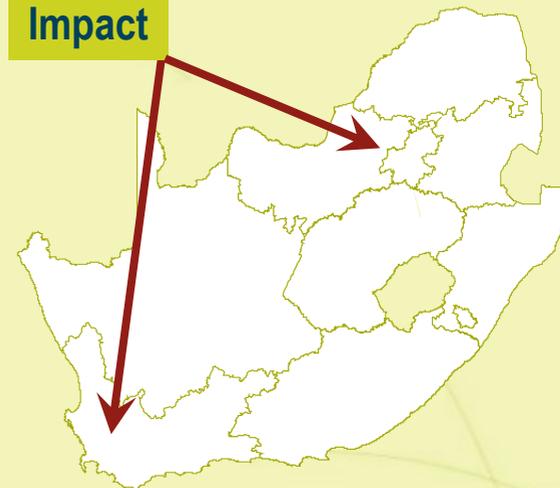
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Local Pharmaceutical Production

- **Objective** – Ensure security of supply for local pharmaceutical ingredients;
- **Description** – Develop and implement projects that supplies SA's pharmaceutical industry;
 - E.g. vaccine production in the Western Cape (being implemented), ARV active ingredients in North West;
- **Impact** – Positive impact on balance of payments;
 - Job creation.

Impact

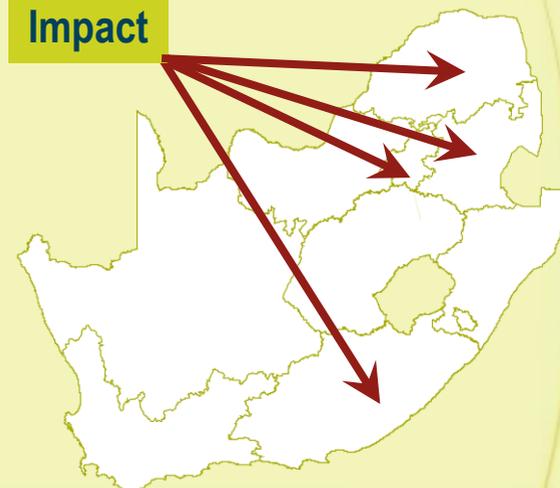


Mining and Minerals Beneficiation

Competitive Steel Prices for Downstream Producers

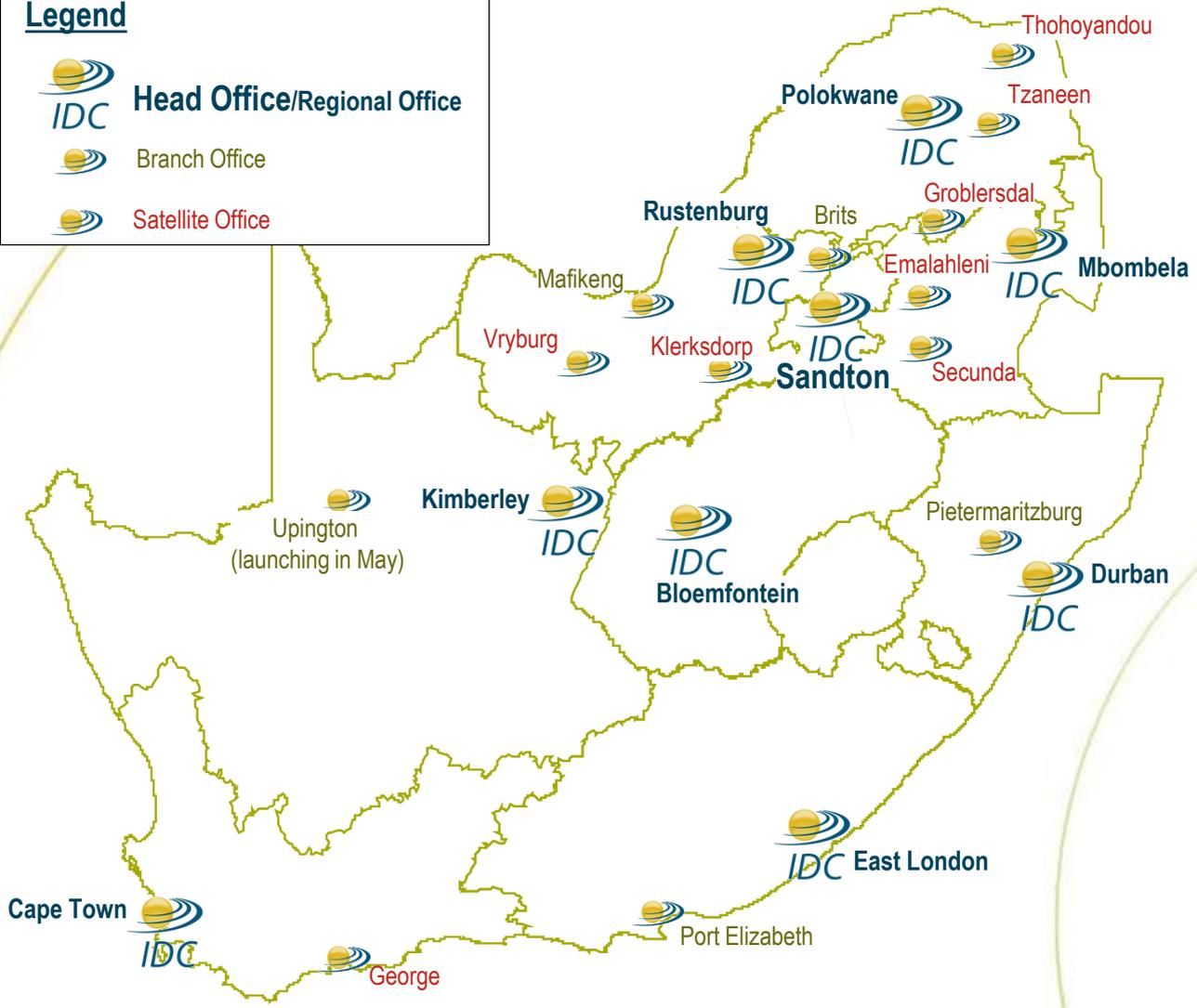
- **Objective** – Reduce input prices for the downstream metals industry;
- **Description** – Develop and implement projects that will enable more competition in the steel industry;
 - E.g. steel mill in Limpopo, mini-mills in Gauteng and Eastern Cape (EC being implemented), scrap substitute in Mpumalanga;
- **Impact** – Reduced prices for downstream metal producers throughout the country;
 - Increased job creation in upstream as well as downstream industries.

Impact



Legend

-  **Head Office/Regional Office**
-  Branch Office
-  Satellite Office



- Regional offices are fully fledged operational offices that form part of IDC’s deal assessment process;
- In addition to regional offices, branch offices have been established in certain areas – these are permanently staffed;
- Satellite offices are additional offices being rolled out will co-locate with the new small business finance entity;
- Roll-out of future offices will be done in conjunction with the new small business finance entity to control costs.

Thank you

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