

INYOSI ENTERPRISE AND
SUPPLIER DEVELOPMENT

Independent Annual Impact Report

1 April 2021 to 31 March 2022

INYOSI™
EMPOWERMENT

The Inyosi
Enterprise and
Supplier Development
portfolios are a suite
of specialist portfolios
which provide Black-
owned businesses with
critical access to funding,
markets and
skills.



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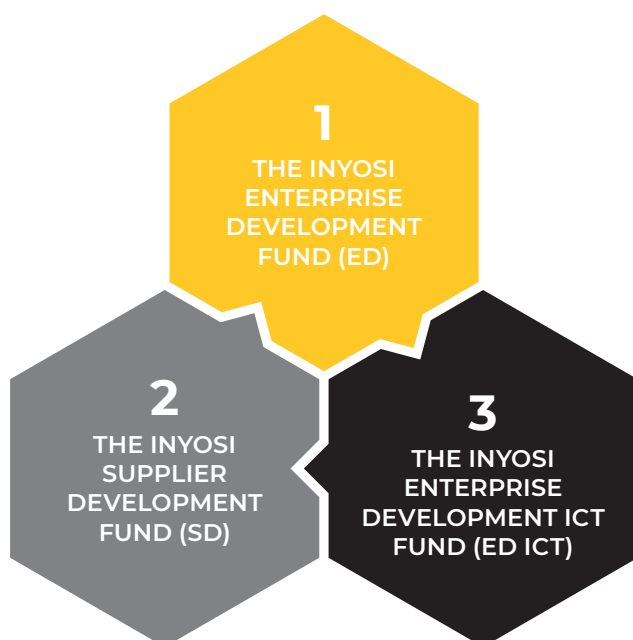
Introduction

Inyosi Enterprise and Supplier Development portfolios are a suite of specialist portfolios which provide Black-owned SMMEs with critical access to funding, markets, and skills.

The first of these portfolios, Inyosi Enterprise Development, was launched in 2012, followed by the launch of the Inyosi Enterprise Development ICT portfolio in 2013 and the Supplier Development portfolio in 2016.

We are pleased to update you on the impact progress of your loan portfolio. In this report you will see the impact your investment is making to the South African economy and society for the period ending March 2022. The Key Impact Performance indicators measured include: revenue, jobs (youth and women employed, permanent and contract employees) as well as interns under the YES programme, a joint initiative by the private sector and government which assists youth to gain work experience through employment placement.

Inyosi supports beneficiaries through three loan based investment funds:



These funds make loans to black owned companies which meet the following requirements:

- annual turnover below R50 million (when the loan was advanced);
- at least 51% black owned; and
- an operational track record of at least 3 to 5 years.



The total capital deployed as at 31 March 2022

ED » R99,134,046

SD » R173,913,254

ED ICT » R42,632,794

This represents deployment rates close to **95%**.

Loans have been advanced to in businesses across the following sectors:

- Retail & Manufacturing
- Waste Management
- Property Development
- Petroleum & Chemicals
- Panel Beating, ICT & Telecommunications
- Financial Services
- Consulting Services
- Civil Engineering & Consulting Services
- Agriculture & Animal Husbandry
- Advertising & Media
- Property Development
- Property Finance
- Micro finance and other Financial Services
- Chemical Distribution
- Panel Beating
- Transport
- Media including Digital Advertising
- ICT Training
- ICT Infrastructure,
- IT Hardware,
- Software Services
- Internet Cafés

Impact at a glance

for the year ending March 2022

Impact themes



1

Supporting
**decent
work and
employment
opportunities**



2

Investing
through
a **gender
lens &
gender
equality**



3

**Youth
Employment**
through the
YES initiative
programme



Inyosi has provided a **cumulative**
R912 million
in **loan funding** to small black-
owned businesses across the
ED, ED ICT and SD funds.



The **total assets under
management** for the current
financial year was

R420 million

**15% more than the previous financial year*

Inyosi's **loan book** contained

84 beneficiaries



across the three funds with
a **loan value of**



90%+ **loan deployment** across all
portfolios is above average

R376 million



The **annual turnover** of the
beneficiary companies for the
year ended 31st March 2022 was

R430 million+



Inyosi borrowers had almost **±R2 bn**
in **accumulated total annual
turnover** from the three funding
portfolios the past 3 years



1,816 jobs** **have been created** across all
sectors during the last financial year

***63,177 jobs have been created by Inyosi Empowerment since inception*



1,635
black
employees

1,120
women
employees

247 YES intern* opportunities** were
created (at least 120 were women)

****At least 159 YES interns have been absorbed into
employment since 2019.*

**Responsible and
sustainable investments**
were made in waste
management, water
purification, dairy farming,
and agriculture



Inyosi Loan Funding Key Performance Indicators

The Inyosi Enterprise and Supplier Development pool of capital addresses multi-dimensional developmentally critical issues to the beneficiaries as well as the community, especially socio-economic issues, by addressing the triple socio-economic challenges of poverty, inequality, and unemployment in South Africa.

The support from Inyosi promotes SMME growth, financial asset access, industrial competitiveness, access to information and knowledge, women empowerment, and job creation by providing financial and non - financial support to SMMEs.

The portfolio loan beneficiaries were assessed to determine if they promote the objectives of Enterprise and Supplier Development (ESD) framework based on the following:

- **Strengthening local procurement** to help build South Africa's industrial base in critical sectors of production and value adding manufacturing, which are largely labour intensive industries;
- Actively supporting procurement from black owned QSEs and EMEs by identifying opportunities to **increase procurement from local suppliers to support employment creation**;
- Supporting procurement from black owned businesses to **increase the participation** of these businesses in the mainstream economy;
- **Promoting the use of black owned** professional service providers and entrepreneurs;
- **Providing monetary or non-monetary contributions** in favour of beneficiary entities with a specific objective of assisting and accelerating the development, sustainability and ultimate financial and operational independence of that beneficiary; and
- Contributing towards **job creation through employment placement of youth**.

Type of support to the beneficiaries

The below outlines the type of support which is provided to the beneficiaries of the fund:

1 Loan Funding

Direct loans to SMMEs which require access to catalytic capital and have the potential to grow and in turn contribute to job creation and broader socio-economic value creation

2 Non-financial support

Technical support to support **Enterprise or Supplier Development Needs Analysis** which is conducted after due diligence. This analysis helps recommending the **non-financial support** which the beneficiary requires. Inyosi will split the costs with the beneficiary so that they have access to non-financial support. Inyosi outsources this non-financial support to third parties. This includes but not limited to:

- Strengthening or development of capacity and expertise for beneficiary entities,
- Facilitating access to credit for beneficiary entities without access to similar credit facilities through traditional means owing to a lack of credit history,
- Provision of training or mentoring by suitably qualified entities or individuals to beneficiary entities which will assist the beneficiary entities to increase their operational or financial capacity.

"Through the loan we were able to buy a truck that has improved the quality of our offering to clients. Our focus is on highly marginalised rural farmers so our model has always been for the empowerment of the community by increasing access to information and access to markets for their produce."

BRUCE DIALE
Brucol Global Development

”

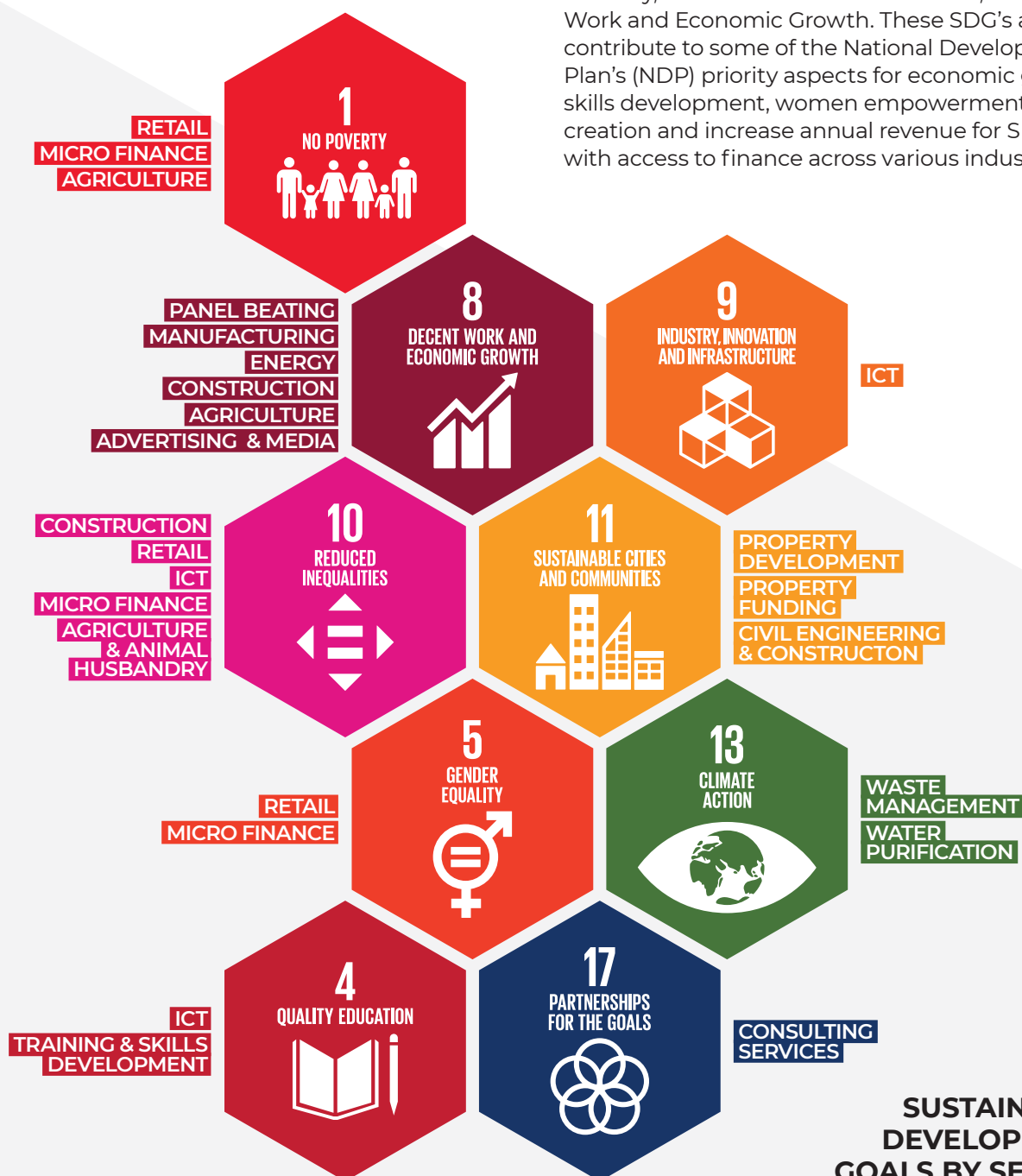
How we measure up

Impact themes

- 1 Supporting decent work and employment opportunities,
- 2 Investing through a gender lens, gender equality
- 3 Youth Employment through the YES initiative programme
- 4 Skills development and capacity building
- 5 Increase in annual turnover

Inyosi focuses on BBBEE compliant investments but have also mapped existing investments (post-investment) and impact themes to the Sustainable Development Goals (SDGs) as well as the Environmental, Social and Governance (ESG) factors. The SDGs were adopted in 2015 by the United Nations' Member States as a call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030.

The investments made by Inyosi to date are aligned with the SDGs of No Poverty, Reduced Inequalities, Quality education, Climate Action, Industry, Innovation and Infrastructure, Decent Work and Economic Growth. These SDG's also contribute to some of the National Development Plan's (NDP) priority aspects for economic growth, skills development, women empowerment, job creation and increase annual revenue for SMMEs with access to finance across various industries.



**SUSTAINABLE
DEVELOPMENT
GOALS BY SECTOR**

"Inyosi loans have helped significantly in providing cash flow to keep the company able to operate and benefit the community at large. NMF is a core component of the Makhoba Farming operation, providing services to Springfontein Dairy and creating farming opportunities for the benefit of the community. We have created a platform for a range of training and work experience for 100 youth per annum. Due to the stipends received this has brought considerable economic benefit to the community of Springfontein, increasing the circulation of money and resources and equipping students to take up permanent work opportunities as they become available within the company as well as beyond it."

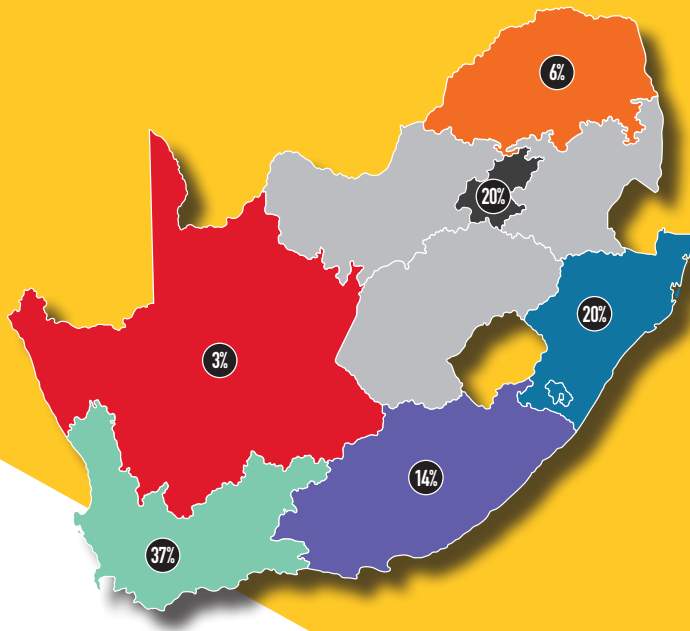
SILKE ROTH
Accountant
Springfontein Dairy



ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG) GOALS BY SECTOR



Geographical footprint in South Africa



The map shows the distribution of beneficiary enterprises per province.

The majority of the Inyosi's investments beneficiaries are based in the Western Cape, with KZN and Gauteng following as the second highest beneficiaries. This data is based on the responses from the survey.

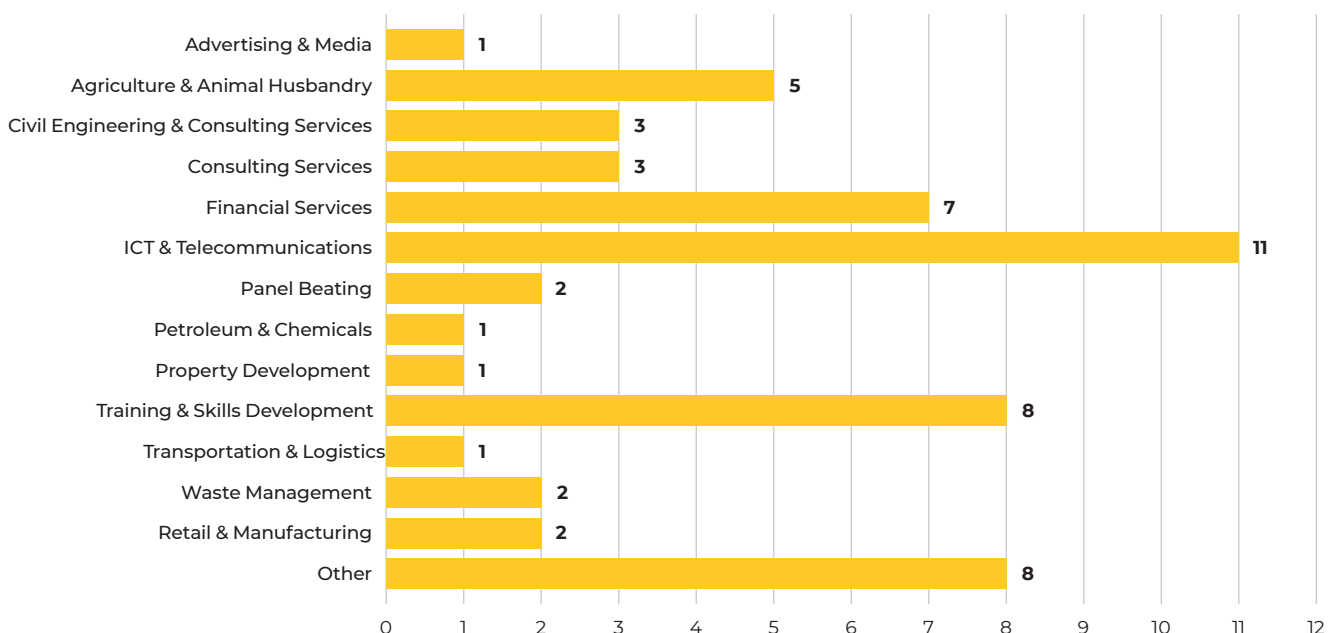


Impact Investments by sector

The table below gives a depiction of the investments made across the different industries.

The dominant sector being ICT & Telecommunications. This is followed by Training & Skills Development, Financial sectors, and other sectors. As of late, the ICT, Training & Skills Development, and Financial Sectors continue to play a critical role in economic development given the effects of the COVID-19 pandemic, were normal meetings and business engagements have been conducted online through various virtual platforms. SMMEs in most sectors took advantage of this opportunity for survival and grow their businesses exponentially.

Number of beneficiaries per sector





Property Development

Property Impact Indicators

Inyosi's beneficiaries in the property sector contributed to various SDGs. Inyosi has many property and construction related beneficiaries. As an example, ARG Design (Pty) Ltd has impacted communities through both architecture projects and urban planning and design throughout their almost 23 years in business.

Architecture projects of ARG include:

- 1 Primary school
- 1 Regional Clinic
- 2 Community centres
- 1 Indoor swimming pool
- 5 Transport interchanges
- 59 MyCiti bus stations
- 26 other BRT Stations in Rustenburg

The SDGs that Inyosi supported in the Property Development are Goals 10 and 11:




Refurbishment and building of primary schools and community centres reduced inequalities for the less privileged and vulnerable communities



Architecture projects aligned with Inyosi's ED and SD goals as well as the National Development Plan (NDP) to promote decent living conditions

The **ESG impact factors** addressed by the Inyosi Property Fund supports the following area:



"The loan has been able to allow us to have an office available even where we would not have been able to pay for rental – the loan was used to purchase an office building. Further funding was provided to acquire a plotter for the engineering drawings – this has resulted in significant cost savings for the company due to the significant costs incurred in the printing out of the significant engineering drawings."

LELO NDWANDWE
CFO – Isiqhamo
Property Group

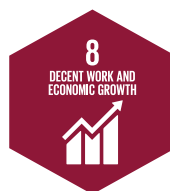
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Panel Beating

The Inyosi Enterprise Development loan portfolio loaned **R42 million** into the panel beating sector. The current investees in this industry includes Bartlett's Express Auto Repair services, and Taliserve (Pty) Ltd, Denver Auto Bodies and many more.

Panel Beating Impact Indicators

Through loans advanced Inyosi has supported this sector positively – beneficiary companies have employed a number of previously unemployed people and provided training which has resulted in most of them receiving better job opportunities/offers, sometimes even being poached by competitors in the area. The SDGs that Inyosi supported in the Panel Beating industry are Goals 8 and 17:



Inyosi has enabled job creation and contributed to economic growth and decent work opportunities through various support programmes and the provision of various loans to panel repair businesses



Through innovative funding, Inyosi has enabled partnerships between motor industry participants and panel repair businesses.

The **ESG impact factors** addressed by the Inyosi panel beating Fund supports the areas below:



"We have been able to employ quite a number of unemployed people. During employment people have come and go, as they receive training here and almost always results in them receiving better job opportunities/offers, sometimes even being poached by competitors/member's in the area. However, this in return opens up a spot for the next unemployed individual out there to receive a job opportunity. So i do believe that my company consistently plays a huge role in impacting a very poverty stricken community in which my business operates daily."

AYESHA BARTLETT
BES Panelbeaters

”



Microfinance

Microfinance services aim to meet the financial needs of the less fortunate populations that are financially underserved and those SMMEs struggling to access finance.

Inyosi's has provided both direct loans to businesses in the microfinance space and also to a borrower operating a Grameen Banking model which aims to target SME's and micro (often single person enterprises) with the purpose to empower their micro-enterprises.

The current exposure under micro finance sits at R36 million with at least 5 companies including, Cartesian Capital, Kamva Capital, Cape Town Stock Exchange, Ncumisa Chartered Accountants & Auditors, and the Small Enterprise Foundation.

“

“Inyosi loan assisted us with working capital that allowed the business daily operations to function without financial pressures so that as business owner i could focus on the business primary activity and staff were paid on time. The business is now an accredited training centre with the Institute of Professional Accountants (SAIPA) and Taxation (SAIT) as the funds were reinvested in broadening the scope of the business service offering.”

NCUMISA
Chartered Accountants
& Auditors

Microfinance Impact Indicators

The United Nations Sustainable Development Goals (SDGs) emphasise the importance of access to financial services from multiple sources for socio-economic development. The SDGs that Inyosi supported in the Microfinance sector are Goals 1, 5 and 10:



Targeting the most vulnerable micro enterprises and creating of jobs to alleviate poverty by supporting the poorest in various communities were the companies have a footprint across South Africa.



Closing the gender gap in the economy by empowering women – at least 825 women are in the Microfinance sector.



By providing loans to mostly women, the funding institution ensures that women get equal opportunities to participate in the economy.

The **ESG impact factors** addressed by the Inyosi Microfinance Fund supports the areas below:





Retail & Manufacturing

The Inyosi Enterprise and Supplier Development investee leverages untapped opportunities within South Africa's retail supply chain to up skill and support predominantly unemployed mothers to eradicate poverty in their lives.

The approach combines practical training with life skills and coaching to ensure that their clients have a transformed mind set and business acumen skills, knowledge and financial management required to manage a sustainable business.

For the period under review, this sector includes The Clothing Bank, Matongoni, Curviro Trading and Kapablock has been funded an amount of R10.7million by end of March 2022.

Retail & Manufacturing Impact Indicators

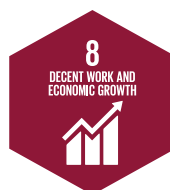
The UN Sustainable Development Goals provide a comprehensive framework in assisting communities and countries to achieve "a better and more sustainable future for all". Economically empowering women of all socio-economic backgrounds not only benefits women's rights but is essential for society achieving developmental goals such as economic growth, poverty reduction, health care and education.



Providing capital to small businesses during tumultuous economic times facilitated the continued operation of business and preservation of livelihoods.



Financially empowering predominantly unemployed mothers increases economic diversification and income equality in households. Economically empowered mothers can spend more on providing better food and education for their children thereby creating positive, sustainable growth for the future.



Inyosi has enabled job creation and contributed to economic growth and decent work opportunities through various support programmes and the provision of various loans to retail & manufacturing businesses.



Supporting women-owned businesses especially previously disadvantaged mothers who own informal retail businesses ensures the economic empowerment and participation of women from all socio-economic backgrounds.

The **ESG impact factors** addressed by the Inyosi Retail & Manufacturing Fund supports the areas below:



"It has assisted SEF in proving more funding to many black unemployed poor women living to improve their livelihoods. It essentially assisted SEF to grow its business in reaching more clients. SEF has provided ±230,000 new jobs and financial education to black women in rural areas that will directly impact their families and the community they serve with the products they are selling to stimulate the economy in these areas."

CHARL VAN VUUREN
The Small Enterprise
Foundation NPC



ICT & Telecommunications

Inyosi Enterprise and Supplier Development ICT reported to have invested in at least 15 black owned SMEs with a total funding value in excess of R40 million by end of 31 March 2022.

ICT Impact Indicators

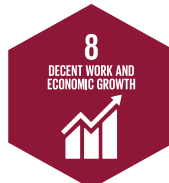
Access to internet is important for education and for linking individuals with employment opportunities. Through this funding portfolio, promotion of affordable digital access and digital training has been introduced into these communities, some have trained more than 35,000 students, 80% of which are women. This support helped such entities who operate to resolve the challenge of internet access among the undeserved communities in South Africa, in addition to assisting with bridging the digital divide gap which is so prevalent in these communities. The investees enable access to various ICT services and skills training for individuals living in rural and township areas with mobile network, and internet access to facilitate and relieve the stress on high unemployment levels in the country.



All beneficiaries in the sector create jobs, thereby alleviating poverty by empowering the youth and the most vulnerable in the communities



Promotes quality education by access to affordable ICT, computer training and other relevant skills



All 10 companies contribute to decent employment opportunities therefor promoting sustainable economic growth



Increased access to information through technology aids entrepreneurship which contributes to growing industry, innovation and infrastructure.

The **ESG impact factors** addressed by the Inyosi ICT & Telecommunications Fund supports the following area:

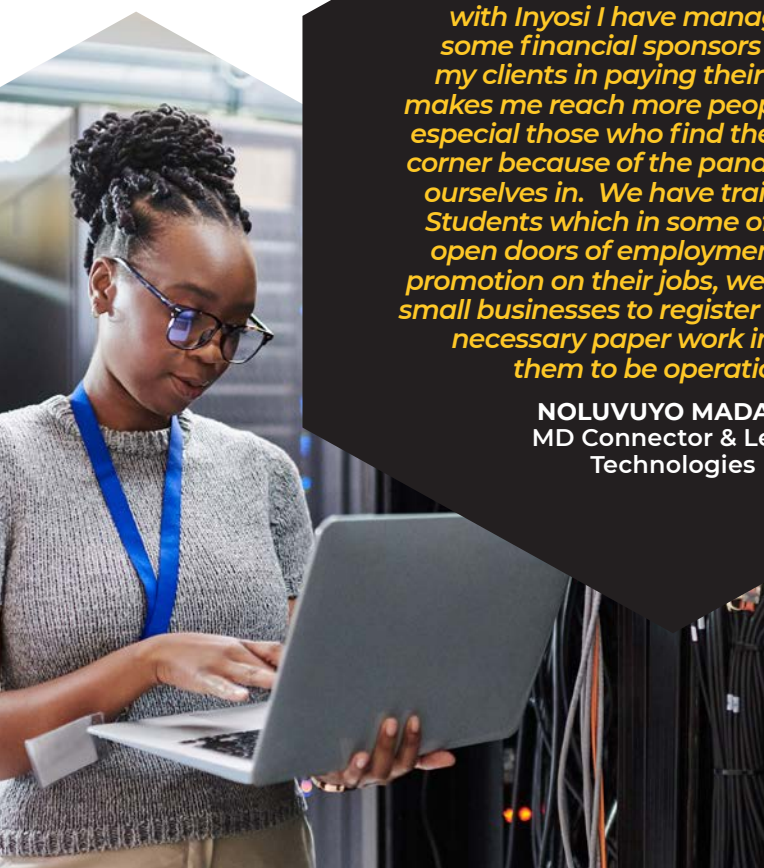


"With the relationship with Inyosi I have managed to get some financial sponsors that assist my clients in paying their fees which makes me reach more people to training especial those who find themselves in a corner because of the pandemic we find ourselves in. We have train over 6000 Students which in some of them have open doors of employment some got promotion on their jobs, we also assisted small businesses to register and do all the necessary paper work in order for them to be operational."

NOLUVUYO MADAKA
MD Connector & Learn Technologies

"HBUFC (Pty) Ltd is owned 100% by the HBUFC Trust which has capacitated over 80 jobs and impacted around 500 beneficiaries through our football for good programmes which all include education and life skills elements."

HBUFC
Trading (Pty) Ltd



Impact through catalytic capital

Catalytic capital is flexible risk tolerant financing which prioritises impact to effectively seed growth, develop and scale-up SMMEs. This in turn generates positive impact, bankable investor ready enterprises, and enables third party investments that otherwise would not have been possible.

Through catalytic capital financing Inyosi Enterprise and Supplier Development provides commercial loans directly to SMMEs that have the potential to grow but require access to capital. Through this catalytic capital fund investment Inyosi contributes to job creation and broader social-economic growth. Inyosi has invested in the following sectors:

Landscaping and Horticulture, Dairy and Agriculture, Architecture, Chemical Distribution, Civil and Structural Engineering, Finance, Construction, Transport, Water Purification, Energy, Training and Skills Development, Waste Management, Consulting and Manufacturing.

Petroleum & Chemicals

During the financial year ending 31 March 2022, the Inyosi Enterprise and Development portfolio included an investment in Centwise 66 Pty Ltd, a company based in Durban, KwaZuluNatal with a loan value of around **R15 million**. The investee imports, stocks and distributes speciality chemicals into the South African market.

Construction, Civil Engineering & Consulting Services

Three companies have reported a total of **R5,516,744.63** loan value under this catalytic fund portfolio from companies such as Mani-Industries, ARG Designs and Isiqhamo Property Group.

Agriculture & Animal Husbandry

Inyosi Enterprise Development fund invested in **3 enterprises**: Brucol Global Development, Ntlangwini Makhoba Farming and Springfontein Dairy. These enterprises had loan funding in excess of **R7.5 million** in the financial year ending 31 March 2022. In addition, these entities have also created valuable quality job experience and exposure for at least **100 youths** through the YES programme which Inyosi manages.



"Inyosi loan has helped us in keeping our doors open really if it had not been of their loan we would not have made it during the difficult period we had under the Covid-19 since its outbreak in 2020. We have employed 5 young people who became bread winners in their families, and we taught some of them which now are working for big cooperate companies."

MAXWELL MISELO
Director –
Soyisile Holdings



Consulting Services

Three companies in the Consulting Services sector namely Kamva Capital, Ncumisa Chartered Accountants & Auditors, and Mani Industries received almost **R10 million** in funding from Inyosi.

Waste Management

Inyosi invested in two companies in the waste management sector, Phambili Services and Matongoni General Trading, with a combined loan amount in excess of **R50 million**.

Training and Skills Development

Inyosi invested in companies such as The Clothing Bank, Connect & Learn Technology, Funda Solutions and Ncumisa Chartered Accountants & Auditors with combined loan value exceeding **R13 million**.

These entities are responsible for at least 105 jobs created in this sector alone during the year ending 31 March 2022. From a skills development perspective The Clothing Bank offers unemployed mothers (exclusively) a 2-year training programme, which equips them with the knowledge and skills needed to start and run a small business. This is done through through mentorship, coaching and counselling and this programme offers modules on money management, business skills, ICT skills and life skills.

Advertising & Media

At the end of the financial year ending 31 March 2022 Relativ Digital had a loan to the value of R18 million from Inyosi.



Conclusion

Inyosi Enterprise and Supplier Development continues to play an important role in facilitating stage appropriate capital for SMMEs, it plays a crucial role in bridging the funding gap for the “missing middle” to promote socio-economic growth and sustainability for local SMEs in South Africa, despite the setback and decline in performance in the other funding portfolios in the current financial year.

Inyosi is strategically positioned in the sector to service the current niche market and has huge potential to generate positive social, environmental, and economic impact in future, as the Covid-19 Pandemic aftermath eases. In addition, Inyosi Enterprise and Supplier Development is well positioned to continue to serve as a vehicle for corporate investors who wish to ensure that their enterprise development commitments maximise job creation and assist black owned enterprises to grow and become sustainable.

Through its financial intermediaries Inyosi Enterprise and Supplier Development’s has expanded its footprint to at least 14 industrial sectors that aligns with the 7 elements of the ESG factors while also contributing to at least 8 SDGs Goals that promote Sustainable Development Goals and the National Development Plan of South Africa.

The COVID-19 pandemic has created unprecedented disruptions to the economy and society. Many South African companies may have faced serious threats during this phase. However, it can be acknowledged and appreciated through the impact testimonials from the beneficiaries, that Inyosi has played a pivotal role that has significantly promoted in job creation, women & youth empowerment, gender mainstreaming, increased annual turnover for SMEs and the continuation of business through the provision of funding to entrepreneurs during the pandemic.



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