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ABOUT THIS REPORT

This integrated annual report provides relevant information to our stakeholders about the most material financial, environmental, social and governance issues facing the NBI, as well as the activities of our primary work streams. It covers the organisation's strategy, activities and performance for the twelve months ended 30 June 2020 and the outlook for the year ahead. Relevant information is included up to the date of finalisation.

The report was prepared following the guidance of the King IV Report on Corporate Governance for South Africa, 2016 (King IV™), the statutory reporting requirements of the Companies Act, 2008 as amended, and the International Integrated Reporting Council's <IR> Framework, as these apply to the organisation.

SizweNtsalubaGobodo Grant Thornton Incorporated has audited the financial information contained in this integrated report and their report can be found on page 64 . Our B-BBEE certificate is externally verified.

The Board of Directors acknowledges its responsibility to ensure the integrity of the integrated report and has applied its collective mind to the report's preparation and presentation. The Board is of the opinion that the report provides an accurate and balanced overview of the NBI's activities during the year and the most material matters relevant to the organisation.

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 - this logo indicates that more information is available on our website.

 - this logo indicates a link to more information in this report.


STRATEGIC FOCUS AREAS 2020

1 Delivery on our value proposition to members

2 Maintain excellence in corporate governance, risk and finances

3 Ensure the financial stability of the NBI

4 Provide effective leadership

Aspects of the NBI's strategy were adapted to support business's response to COVID-19. Key initiatives are discussed on pages 18 and 20 to 24 .

Timeframes used in this report:

- Short term: 1 year
- Medium term: 2 to 5 years
- Long term: 5+ years



NBI AT A GLANCE



THE NATIONAL BUSINESS INITIATIVE

NBI is a not-for-profit development organisation committed to building a sustainable and equitable South Africa through collective business action. We work with business, government and social partners to achieve concrete outcomes that have a positive socio-economic impact on our country. The NBI provides a platform for courageous conversations and collective action collaboration, and brings an informed and global perspective to these engagements and actions.

COVID-19 amplified South Africa's existing socio-economic challenges and had a significant impact on the economy and our members. The NBI Strategy has been adapted for the COVID-19 operating context and the collective response required to focus economic recovery at its core. We will continue to address the deep structural weaknesses and inequalities that pervade our society in a way that asserts an appropriate leadership role for the NBI and our members.

OUR PURPOSE

We are working to create a thriving South Africa through thought leadership, strategic implementation, capacity building and collective action with business, social partners and government. Our work aims to reduce inequality, increase social cohesion and drive sustainable economic growth.

OUR MISSION

The NBI, as a business collective, provides the progressive leadership and advocacy roles needed in South Africa to support and accelerate business action to achieve a sustainable, equitable and thriving society.

OUR VALUES

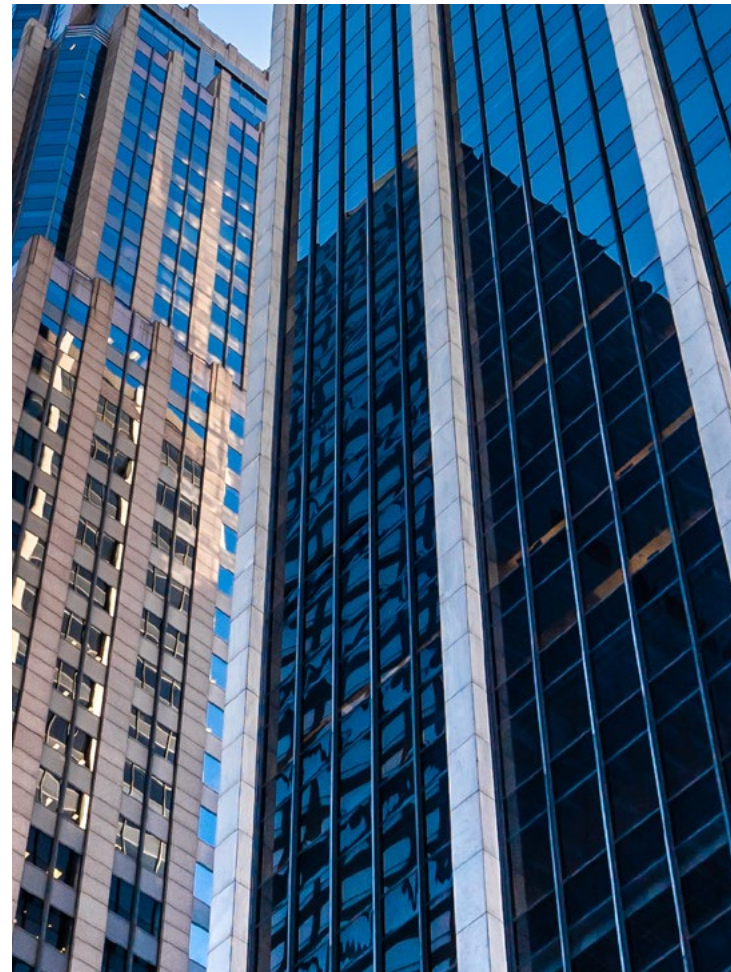
INTEGRITY

COMMITMENT

TRUST

EXCELLENCE

RESPECT



The NBI Impact Framework summarises our key aspirations, which are supported by our ways of working and our programme focus areas:

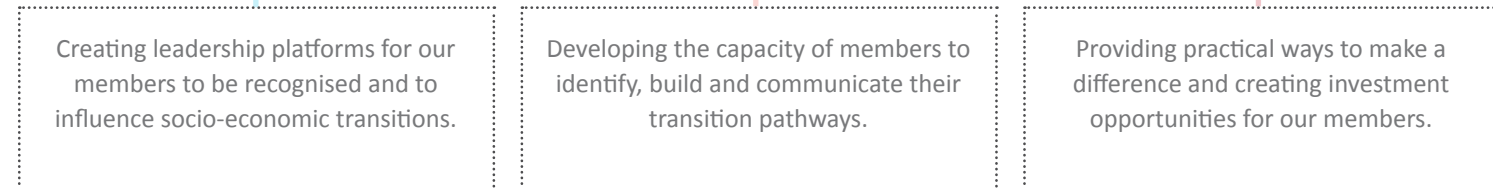
ECONOMIC RESILIENCE	The South African economy is inclusive, equitable, competitive and sustainable
INSTITUTIONAL CAPACITY	South Africa has the institutional capacity to support social and economic transformation
TRUST	South Africa is a society characterised by high degrees of trust

THE NBI'S WAYS OF WORKING:

The NBI's ways of working create value for our members and help us to achieve the broader societal and environmental goals of our Impact Framework.



Helping members to achieve their goals by:



The NBI is a Level 1 Contributor to Broad-Based Black Economic Empowerment (B-BBEE) in South Africa. We are certified 100% Black Beneficiaries in terms of Socio-Economic Development (SED) and are committed to supporting transformation across the business sector.

KEY PARTNERSHIPS

The NBI's strong partnerships with a range of influential local and international corporate responsibility/sustainability organisations provide unique access for South African companies to international thinking and intellectual capital, and help ensure that our strategic direction and work content are world class.



THE NBI TURNS 25

On 1 March 2020, the NBI celebrated its 25th anniversary. While we were planning an event to celebrate this milestone, COVID-19 unfortunately made this impossible. We did however do a short social media campaign highlighting some of the NBI's most memorable impacts of the last 25 years.

HISTORY OF THE NBI : 1995 - 2021

1995 - 1999



The NBI launched the Business Against Crime organisation:

- The NBI was formed at the request of former president Nelson Mandela to mobilise business collective action to support the new democracy.
- The NBI set up and launched Business Against Crime.
- The NBI helped to conceptualise the approach of Whole School Development, through which the Education Quality Improvement Partnership (EQUIP) programme was launched.
- The Business Trust was launched shortly thereafter as a trust building partnership between business and government.



The NBI launched the Business Against Crime organisation:

- Introduced the anti-hijack Gauteng Highway patrol through the donation of 100 BMW vehicles.
- Introduced city centre closed-circuit cameras.
- Supported the government in reengineering the criminal justice system.
- Business Against Crime currently runs as an organisation that is independent from the NBI. It is now housed within Business Leadership South Africa.



The NBI helped to conceptualise the Education Quality Improvement Partnership (EQUIP):

- Goal: Strengthen quality of teaching and learning in schools through whole school development and a focus on management, leadership and governance.
- Partnered with school leaders and teachers from 450 disadvantaged schools to focus on whole school development and on professional development in English, Maths, Science and Technology to the benefit of over 2.5 million learners.



The NBI launched the Business Trust:

- Goal: Strengthen job creation and human capacity development.
- Supported the growth of tourism, tourism focused enterprises (Tourism Enterprise Programme), the TVET sector through the Colleges Collaboration Fund and the improvement of schooling quality.
- Strengthened relations between former President Thabo Mbeki's government and big business through the Big Business Working Group.



2000 - 2009



Partnered with the WBCSD and brought the CDP to South Africa:

- The NBI introduced the concept of "sustainable development" as it practically relates to business.
- The NBI becomes the regional partner for the World Business Council for Sustainable Development.
- The NBI launched JIPSA, a high-level programme that elevated the skills shortage debate to catalyse solutions.
- The NBI partnered with Incite Sustainability to bring the Carbon Disclosure Project to South Africa.



The Sustainable Futures Programme:

- The NBI introduced the concept of the role of business in sustainable development in South Africa.
- Strategic refocus was adopted to promote good corporate citizenship and responsible business practice, opening trust channels between business and government.
- The Programme diversified the NBI work streams, adding Environmental Sustainability to an already strong social and economic focus.
- As a result, the NBI became a global network partner of the World Business Council on Sustainable Development, a relationship that it continues to hold to this day.



The Travel and Tourism Programme:

- Goal: To develop relevant travel and tourism curriculum, with input from business, for grades 10–12.
- When the Programme was handed over in 2009, over 2 000 schools were teaching Travel & Tourism as a subject to over 300 000 learners in grades 10–12.
- Over 1 000 teachers and subject advisors across the country were trained.
- To this day, the NBI continues to receive royalties from curriculum development which are used to fund the NBI Lecturer Work Placement Programme whose goal it is to maximise curriculum fit between TVET colleges and the Travel and Tourism sector.



The College Industries Partnership (CIP):

- Goal: To develop a modern, high-quality and responsive public FET system designed to accelerate and expand skills development and delivery.
- The work that was achieved from the Partnership now forms part of the formal National Skills Accord targets.
- The Accord was a precursor to the NBI's suite of Social Transformation Programmes that focus specifically on Skills Development, Youth Employability and the strengthening of the TVET system.



South African focal point for the United Nation Global Compact:

- Goal: To promote responsible business practice, as launched in 2000 by former UN Secretary-General Kofi Annan.
- The NBI became the South African focal point for the Compact, until it was released to run independently in 2018.

THE NBI TURNS 25

2000 - 2009



The Energy Efficiency Accord

- Goal: To facilitate interaction between government and business to engage on energy efficiency, energy strategy and policy implementation.
- The NBI facilitated the signing of the country's progressive Energy Efficiency Accord between the Department of Minerals and Energy and 20 leading companies.
- The successes of the Accord led to its formalisation under the banner of The Energy Efficiency Leadership Network (EELN) as signed and agreed upon at COP17.



The Energy Efficiency Leadership Network (EELN):

- The EELN was conceptualised and refined by the NBI to facilitate open engagement between government and business about energy efficiency, strategy and policy.
- The Network was designed to upskill network members through shared energy efficiency experiences and energy efficiency technology best practices.
- At least 50 organisations were part of the EELN.



The EnterPrizeBusiness Plan:

- True to its historical role as an incubator of innovative programmes for business, the NBI launched the EnterPrizeBusiness Plan competition long before such initiatives became the norm in corporate structures.
- The competition was conceived to promote the creation of sustainable small-and medium-sized businesses, to create sustainable jobs, to develop business skills and to access finance effectively and efficiently.
- The competition paired innovative entrepreneurs with business leaders, allowing them time and resources to create strategies for growth with the support of experts in business.



The Joint Initiative for Priority Skills Acquisition (JIPSA):

- Goal: To identify priority skills for South Africa and to resolve blockages to the development of these skills.
- JIPSA was conceptualised by the NBI and adopted by the Office of the Presidency as a presidential project under the leadership of then Deputy President Phumzile Mlambo-Ncuka.
- The Parliament of South Africa appointed the NBI as secretariat to JIPSA.
- JIPSA presently runs as an independent initiative, renamed the Human Resource Development Council of South Africa (HRDSA).

2009 - 2019



The Economic Linkages Initiative:

- Goal: To facilitate access by black enterprises to the supply chain of large corporations.
- A partnership with Corporate Council on Africa and ECI Africa was secured which resulted in four-year funding from USAID.
- Output from the Initiative was used to form the South African Supplier Diversity Council (SASDC), which became independent of the NBI in 2011.



The Learning Partnerships:

- Goal: To demonstrate the case for collective and collaborative action by companies to change the schooling system in South Africa.
- The Partnership was launched and implemented with R1m in seed funding.
- Learnings from the project were shared with members, and the project closed in 2011.



CDP Climate and Water:

- Goal: To showcase the role of business in the climate change agenda.
- As an implementation partner of the CDP, the NBI motivates member companies to disclose their environmental impacts specifically in relation to climate change and water.
- The NBI continues to provide sense-making capabilities and practical capacity-building to NBI members who are CDP signatories.
- The NBI also uses data and insights obtained from members to highlight risks and opportunities presented by climate-and water-related issues.
- The NBI partnership and work with the CDP continues.



We Mean Business (WMB):

- Goal: To galvanise the world's most influential businesses and investors globally to recognise that the transition to a low carbon economy is the only way to secure sustainable economic growth and prosperity for all.
- The NBI has been the local implementation partner to WMB since 2015.
- The NBI uses the knowledge and experience of South African and regional businesses and policy-making to contribute a local perspective to WMB's international work around climate change and its role in modern business.



The 2021 Strategy builds towards the NBI Impact Framework that aims to create:

Economic Resilience:

The SA economy is inclusive, equitable, competitive and sustainable.

Institutional Capacity:

South Africa has the institutional capacity to support social and economic transformation.

Trust:

South Africa is a society characterised by high degrees of trust.

2020 SALIENT FEATURES



NBI	B4SA
The NBI was established 25 years ago and has just under 100 members including small, medium and large South African and multinational companies.	B4SA facilitated the rollout of 50 public sanitation stations and 6 000 household handwash units in high-density areas in Ekurhuleni, demonstrating the NBI's ability to coordinate an effective and impactful response to emerging needs. An additional 5 000 handwash units were distributed after year end in Ekurhuleni, Gauteng, the Western Cape and Eastern Cape.

ACA
Launched the Alliances for Climate Action (ACA) at Climate Week in New York and secured commitments from four metros (Cape Town, Durban, Johannesburg and Tshwane), with city/business collaboration discussions having started.

WATER STEWARDSHIP	TAMDEV
Driving collaborative solutions, including through our participation in partnerships between business, government and civil society to promote water stewardship in priority catchment areas. These include the uMhlathuze Water Stewardship Partnership (UWASP), the Western Cape Water Security Task Force and the Gauteng Water Alliance, which was launched in December 2019.	Technical Assistance, Mentorship and Development (TAMDEV) signed a Memorandum of Understanding with the Department of Cooperative Governance and Traditional Affairs (COGTA) at national level establishing the NBI as the social partner for the implementation of the District Development Model.

GENDER PAY GAP
Rolled out the Gender Pay Gap project, working with five companies to test different methodologies for calculating pay disparity.

COVID-19	ANTI-CORRUPTION	NBI
Contributed extensively to business's response to COVID-19.	Concluded the anti-corruption benchmarking project and released a Benchmarking report.	The NBI holds secretariat roles for the CEO Initiative (which put its activities on hold given the COVID-19 operating context) and the BRICS Business Council. We coordinate business participation and commitments in the NEDLAC structures set up to monitor implementation of the Jobs Summit Agreements. A project management office has been set up in the Presidency to drive the Jobs Summit deliverables.

COMMUNICATION
41 Quick Briefs/NBI News Updates distributed providing relevant information to member companies during the year.

SDGs	NBI STRATEGY	PARTICIPATION
Continued to provide support to help business to identify and implement priority Sustainable Development Goals (SDGs) at a company and industry level. Working with the agro-processing sector to prioritise a set of SDGs and associated targets that can form the basis of a sector level collective action programme.	The NBI Strategy was adapted for the COVID-19 operating context to focus on supporting the country's economic recovery while continuing to drive social transformation and environmental sustainability. We also strengthened our communication capability during the year.	Increased interest, member participation and engagement across a broader group of stakeholders, including civil society, over all focus areas.

TRAINING
Completed the training of the first cohort of plumbing candidates through the Installation, Repair and Maintenance (IRM) Initiative and the first group of apprentices through the Swiss South African Hospitality Apprenticeship Programme (SSHAP).

TOWNSHIP ARTISANAL BUSINESSES
Conceptualised a model for growing demand for skills and jobs in township artisanal businesses, through enterprise development, skills development and market linkages, which will be tested in 2021.

DELIVERY	EVENTS	COP 25
Continued delivery on projects, presentations and engagements despite disruptions due to COVID-19 and the lockdown.	More than 34 events (in person and virtual) sharing thought leadership and building capacity were delivered in Johannesburg, Cape Town and Durban.	Co-hosted South Africa's pavilion at COP 25 in Madrid and the 2019 Water Stewardship Conference.



“As with most areas of life, 2020 was dominated by the impact of COVID-19, which amplified many of the pre-existing socio-economic challenges facing South Africa. Business needs to be part of the collaborative solutions that will support a post COVID-19 recovery while addressing the deep structural weaknesses and inequalities that pervade our society. The NBI strategy has been adapted to take into account the realities of the operating context during the pandemic and beyond, and the response required.”

- Cas Coovadia: NBI Chairman

HOW WE CREATE VALUE FOR MEMBERS AND SOCIETY

CAPITAL INPUTS*

SOCIAL AND RELATIONSHIP CAPITAL

The NBI was founded on the issue of the role of business in society. Our work is built on strong relationships with member companies, government, civil society and other business organisations, which enable effective collective action projects, improve capacity development and build trust.

INTELLECTUAL CAPITAL

The knowledge and expertise of our staff combined with the learnings and intellectual property in our partner organisations enable thought leadership and capacity building. The NBI's strong brand and reputation make it possible for us to engage stakeholders at a high level and access critical resources.

HUMAN CAPITAL

The NBI can only deliver on its commitments through the hard work of our dedicated and loyal staff, overseen by the Board.

FINANCIAL CAPITAL

Financing of the NBI's projects and activities come from membership fees and project funding.



*Due to the nature of our activities and the small size of the organisation, our use of environmental capital and manufactured capital is not material.

CAPITAL OUTCOMES

SOCIAL AND RELATIONSHIP CAPITAL

Constructive and supportive engagements with government and civil society strengthen the relationship between business and these crucial stakeholders. Consistent delivery on our projects increases member satisfaction. The NBI's social sustainability focus areas address some of South Africa's most significant challenges, including transformation, social cohesion and youth skills development.

INTELLECTUAL CAPITAL

The NBI's project work, thought leadership and capacity building activities develop expertise within the organisation, in member companies and implementation partners. The NBI brand and reputation are enhanced by demonstrating our ability to deliver on projects, provide thought leadership and leverage our relationships with government, local business organisations and international peers.

HUMAN CAPITAL

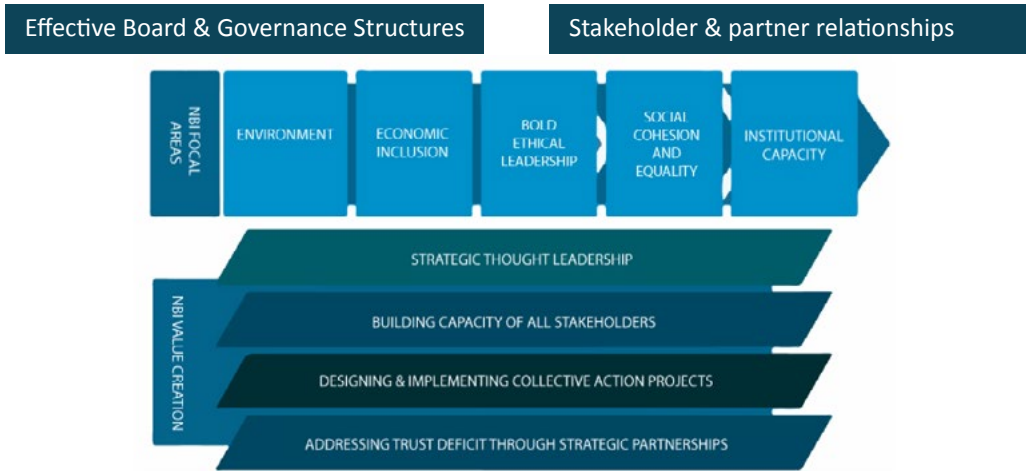
The NBI's committed team of 20 staff members.

FINANCIAL CAPITAL

Fees from members are invested to support activities and donor funding is allocated to specific projects.

NATURAL CAPITAL

The NBI's environmental programme supports members to anticipate and accommodate emerging environmental trends related to transition risk, climate change, energy efficiency and water.



OUTPUTS

Collective action projects implemented include the NBI COVID-19 Rapid Response sanitation initiative, water stewardship partnerships in priority catchment areas, the launch of the Alliances for Climate Action, the IRM and SSHAP youth employability projects, TAMDEV and the SDG project in the agro-processing sector.

Thought Leadership reports released and events hosted include gender pay gap, anti-corruption benchmarking, Just Transition, Climate Change and Water.

Capacity building through one-on-one interactions with members, workshops and the TAMDEV initiative.

More than 34 events held in Johannesburg, Cape Town and Durban.

41 Quick Briefs/NBI News Updates distributed.

Secretariat role for the CEO Initiative and BRICS Business Council.

CAPITAL TRADE-OFFS

Implementing our programmes and conducting our activities require that we access the six capitals defined in the IIRC <IR> Framework¹. In doing so, we make choices on how and where the capitals available to us are allocated. Significant capital trade-offs during the year to June 2020 include those shown below:



As with all organisations globally, significant management time and attention was spent on our response to COVID-19. This involved ensuring that appropriate protocols were in place to protect the health and safety of our employees, as well as of our members and partners where we interacted with them. Also included was the decision to continue working remotely after lockdown restrictions allowed a return to work to minimise the chances of exposure.

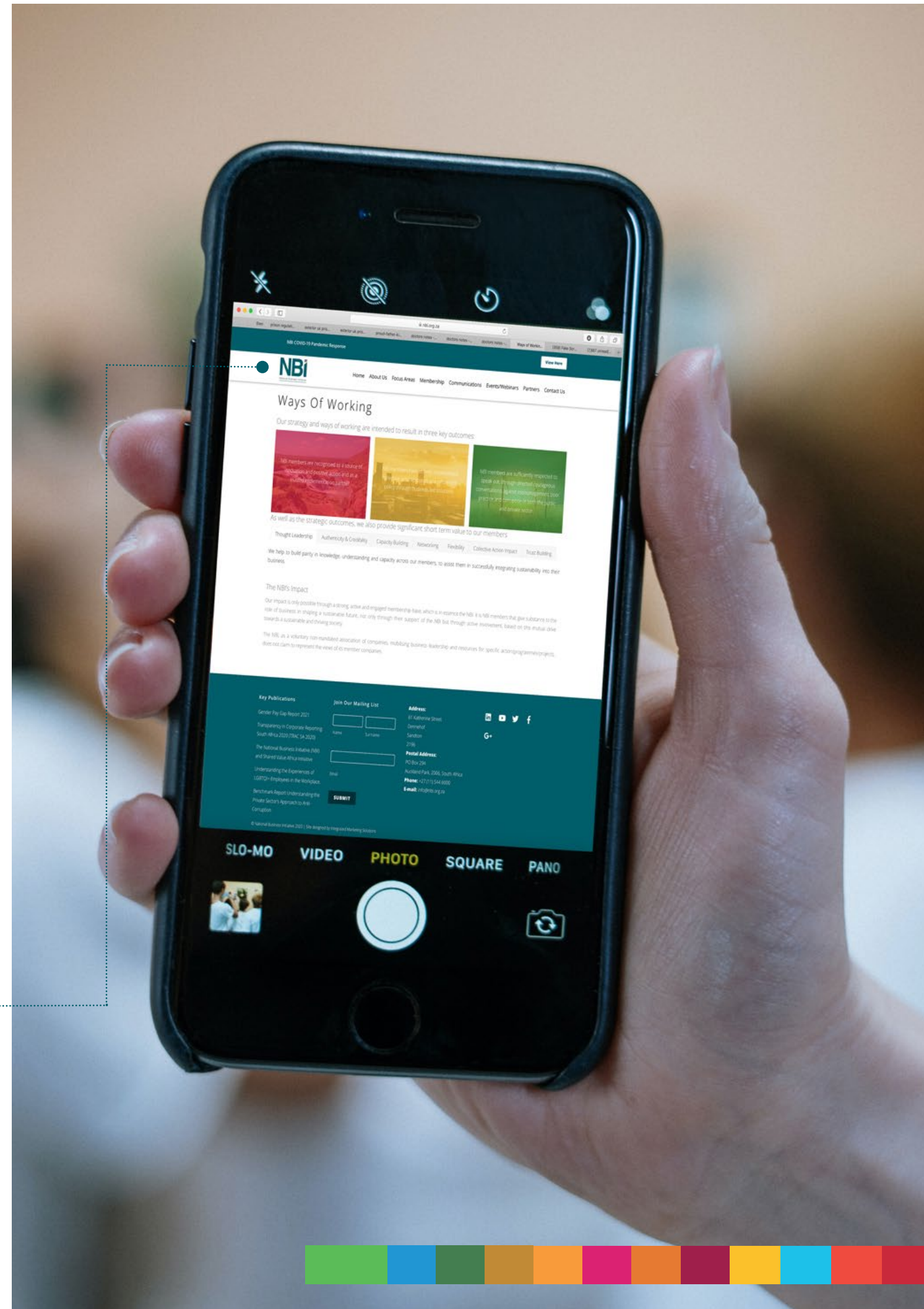


The NBI COVID-19 public sanitation initiative facilitated by B4SA accessed the human and intellectual capital available in our water and TAMDEV focus areas to provide a rapid and innovative response to a desperate need for sanitation in high density and underserved areas. This diverted resources away from other planned activities but strengthened our relationship with local government in these areas and addressed a significant social need.



During the year we appointed a Content Manager and developed a communications strategy, catalysed by the pro bono support of HK Strategies, to ensure that our work and thought leadership is communicated effectively, strengthening our brand and increasing engagement with our stakeholders.

¹Environmental capital, manufactured capital, intellectual capital, human capital, financial capital and social and relationship capital.

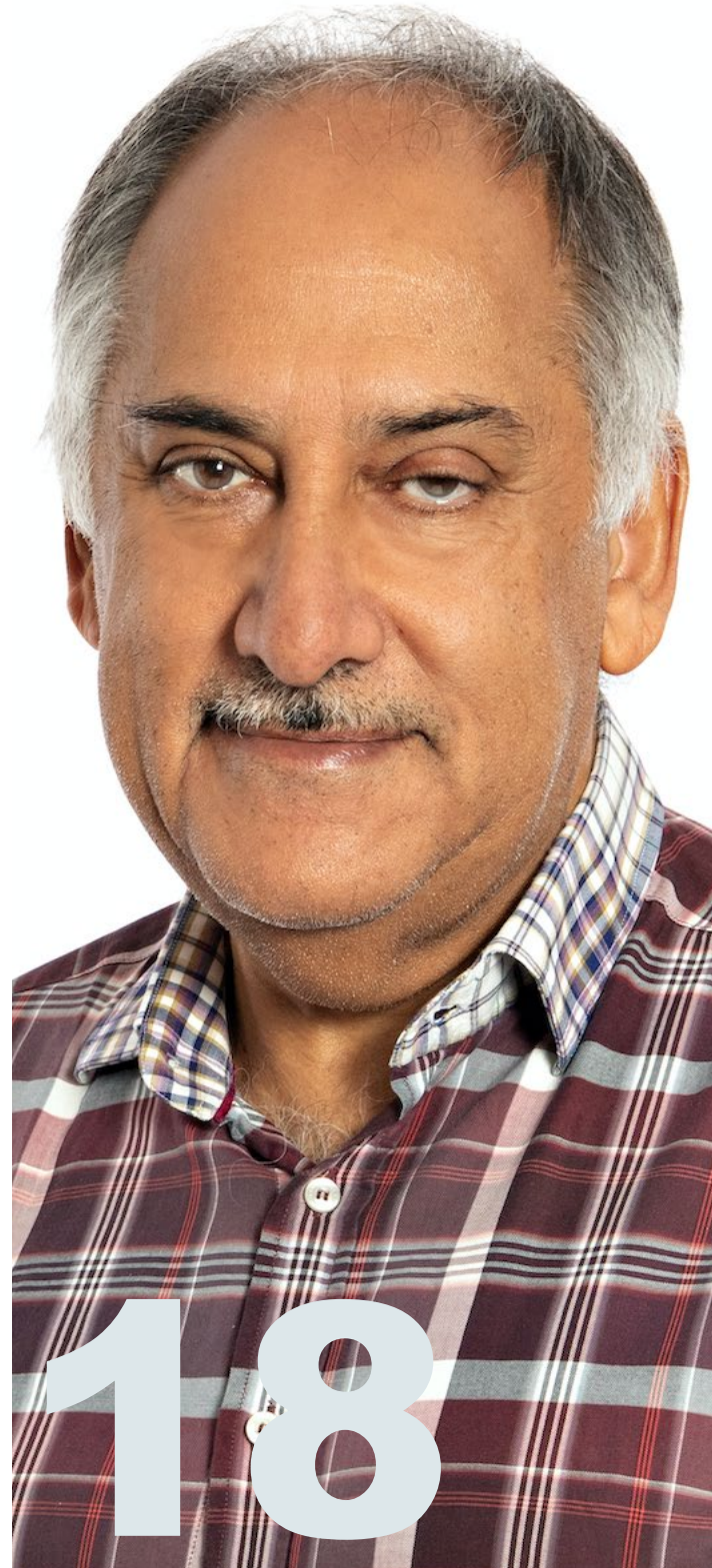




Cas Coovadia

As with most areas of life, 2020 was dominated by the impact of COVID-19. But even before the arrival of the pandemic the business environment was extremely weak, with the economy in recession and joblessness rising. The Moody's downgrade just as lockdown started further increased the pressure on the economy.

COVID-19 amplified many of the pre-existing socio-economic challenges facing South Africa. Business needs to be part of the collaborative solutions that will support a post COVID-19 recovery while addressing the deep structural weaknesses and inequalities that pervade our society. But it is also clear that those companies that are willing to take on a broader role in society will be better positioned to lead into the future, maintain a competitive edge and regain growth with less difficulty than others.



A STRATEGY THAT SUPPORTS RECOVERY AND MEMBER VALUE

The NBI's strategy has been adapted to take into account the realities of the operating context during COVID-19 and beyond, and the response required. The strategy arises from our Impact Framework, which represents our aspirations for the country we want to create and our focus areas support the achievement of these goals.

THE NBI IMPACT FRAMEWORK

1. Economic Resilience

The South African economy is inclusive, equitable, competitive and sustainable.

2. Institutional capacity

South Africa has the institutional capacity to support social and economic transformation.

3. Trust

South Africa is a society characterised by high degrees of trust.

Stakeholder engagement is a significant strength of the NBI and we have an important role to play in marshalling and coordinating the collective action that will be needed to drive recovery and growth. Our strong relationships with mandated and representative business organisations were critical in the NBI's work to manage the interventions from business to mitigate the impacts of COVID-19 and start the processes for economic recovery. These relationships include our participation in Business for South Africa (B4SA) and Business Unity South Africa (BUSA), our role as Secretariat of the CEO Initiative and the BRICS Business Council, as well as our activities in support of the deliverables of the Jobs Summit. Our experience over more than 25 years has given us depth, expertise and an extensive understanding of the complexities of achieving impacts on this scale.

As a voluntary organisation, the NBI depends on our members and partners for funding. We acknowledge the extreme pressure that these important stakeholders are currently experiencing and thank them for their continued support.

The NBI value proposition is particularly relevant in the current context. We help our members to achieve their goals by creating leadership platforms where they can be heard, recognised and influence socio-economic transitions. We also assist them to strengthen capacity so that they can identify, build and communicate their transition pathways. As an outcome of the practical implementation of our projects, we also create investment opportunities for our members.

GOVERNANCE AND SUSTAINABILITY

Ongoing disclosures of unethical practices in both the private and public sector serve as a reminder to keep ethics and governance top of mind within the organisation and work with our members to ensure ethical practices. The NBI's governance framework and processes aim to ensure an ethical culture and effective oversight, supported by the necessary internal controls and reviews.

The NBI's Directors contribute excellent strategic vision, foresight and a deep understanding of the key aspects of the organisation's activities that enable the Board to guide management effectively, ensure value creation for members and promote the national interest.

Despite the difficult operating environment and the shift to remote working, we made good progress in our projects. Our work on Just Transition pathways (page 36) [i](#) moved to a new level and will be a flagship programme going forward. We concluded an agreement with government that establishes the TAMDEV initiative (page 43) [i](#) as an important partner in helping to improve capacity and service delivery at a local government level, which will be key in the country's recovery. This reflects the NBI's strength as a trusted implementation partner and our ability to bridge capacity between stakeholders.

Our Youth Employability programme (page 26) [i](#), which aims to address one of the most serious socio-economic challenges facing the country, was combined within the Social Transformation focus area during the year. The unit's other programmes aim to address some of the most glaring weak points in the fabric of our society highlighted by COVID-19, including poverty, inequity, intolerance and gender-based violence (page 34) [i](#).

The scandalous looting of public funds by some businesses and government officials at the start of the pandemic and ongoing revelations of historical corruption further emphasise the importance of our anti-corruption work (page 41) [i](#).

APPRECIATION

I wish to thank the NBI's Directors for their commitment and participation during a very challenging year. A special word of gratitude to our CEO, Joanne Yawitch, and every member of staff for continuing to demonstrate excellence under particularly difficult circumstances. I would also like to recognise and commend the voluntary decision by the staff of the NBI to forego salary increases and reduce bonuses to support the sustainability of the organisation.

The NBI is founded on the knowledge that business cannot thrive in a failing society and the sound business case for contributing to the creation of a just, equitable and environmentally sustainable society. Our goal is to create a thriving South Africa through programmes that reduce inequality, increase social cohesion, promote environmental responsibility and drive sustainable economic growth. We look forward to working with members and partners to deliver on these goals in the year ahead.

MAIN BOARD FOCUS AREAS IN 2020



- **Supporting management in the response to COVID-19**
- **Reviewing and approving the revised strategy**
- **Overseeing delivery against the 2020 focus areas and approving the 2021 focus areas**
- **Other activities are shown on page 59 [i](#).**

OUR STRATEGY



OPERATING CONTEXT

Even before COVID-19, South Africa faced severe societal challenges, including deep inequalities and high levels of unemployment, that are likely to further deteriorate with climate change. The solutions to these problems are complex and will take time and collaborative action between public and private sector to deliver results. These challenges were amplified by the arrival of the pandemic.

STRUCTURAL ECONOMIC AND FISCAL PROBLEMS

The national debt burden, high unemployment, particularly among the youth, and business sectors under pressure, were all worsened by the pandemic.

REVEALED ENVIRONMENT IMPACT

The unexpected experience of clean air and clean waterways due to global lockdowns demonstrated the negative impact of the current economy on the environment.

WEAK INSTITUTIONS

COVID-19 worsened the existing weaknesses of many of our institutions, including their deep-rooted corruption.

INCREASED FINANCIAL PRESSURE

Will mean that company budgets will be constrained for some time, emphasising the need for the NBI to clearly demonstrate the value it adds for members, maintain its relevance and increase/diversify project funding.

GREATER SOCIAL PRESSURE FOR CHANGE

Will result in companies facing increasing pressure from shareholders, the finance community, customers and communities to do business differently, especially in the long term.

GOVERNANCE AND SUSTAINABILITY

Attention has been drawn to a wide range of social ills, including gender-based violence.

INEQUALITY AND POVERTY

Disparities in societies across the world have been highlighted, including income inequality, inequality in access to health care and racial inequality.

ANTI-SCIENCE, POPULIST GOVERNMENTS

These have shown up the health and other consequences that anti-science and populist governments can wreak upon their people.

THE WORSENERD OPERATING ENVIRONMENT

Will cause many companies to close and has precipitated significant financial and job losses, enhancing the importance of the NBI's work.

TRUST DIVIDEND

The response of business to COVID-19 through B4SA and others has built the brand of business as a key implementation partner and added urgency to keep up momentum in this area.

During COVID-19 and in the recovery period that will follow, business needs to identify solutions that support an economic upturn and address the structural and socio-political factors that have contributed to our country's social and economic problems.

THE NBI'S STRATEGY

The NBI's goal is to build a South African business community that plays a meaningful, trusted and action-orientated role in the achievement of a sustainable, equitable and inclusive society. Since its inception 25 years ago, the NBI's focus has been on the role of business in society. We believe that those companies that take on these broader issues will be best positioned to lead into the future, maintain a competitive edge and regain growth.

By driving conversations that raise understanding and awareness, building capacity in business and government, and leading action on economic and social transformation, we help companies to develop long-term strategies relevant to the changing realities of business in South Africa and to contribute to transforming our society. This includes helping companies to engage with their stakeholders in the most productive ways, highlighting business's responsibility to help to address social ills, identifying practical ways to increase impact through collective action and building trust regarding business's role in society.



REFINING OUR STRATEGY FOR CHANGING REALITIES

The NBI held an externally-facilitated strategy refresh workshop attended by the Board and management in February 2020. The strategy was subsequently further refined to take into account the COVID-19 operating context and required response, focusing economic recovery at its core while continuing to address the deep structural weaknesses and inequalities that pervade our society. The strategy also aims to assert an appropriate leadership role for the NBI and our members.

These reviews confirmed the relevance and importance of our current programmes while highlighting the need for an emphasis on providing:

- 1. Direct support to members**
To maintain and grow membership affinity, we will provide more direct support to member companies. This will help them set and achieve more ambitious goals across our work areas, provide them with the platform to lead and give them the support they need to implement.
- 2. Bold leadership platforms, increasing company commitment to society**
The NBI will enhance our communication to focus on bold opinions influencing and encouraging our members to implement real change.
- 3. Creating new investment opportunities**
The NBI's collective action programmes aim to create investment opportunities for our members to transform their businesses, stimulate growth, create jobs and reduce inequality and poverty.

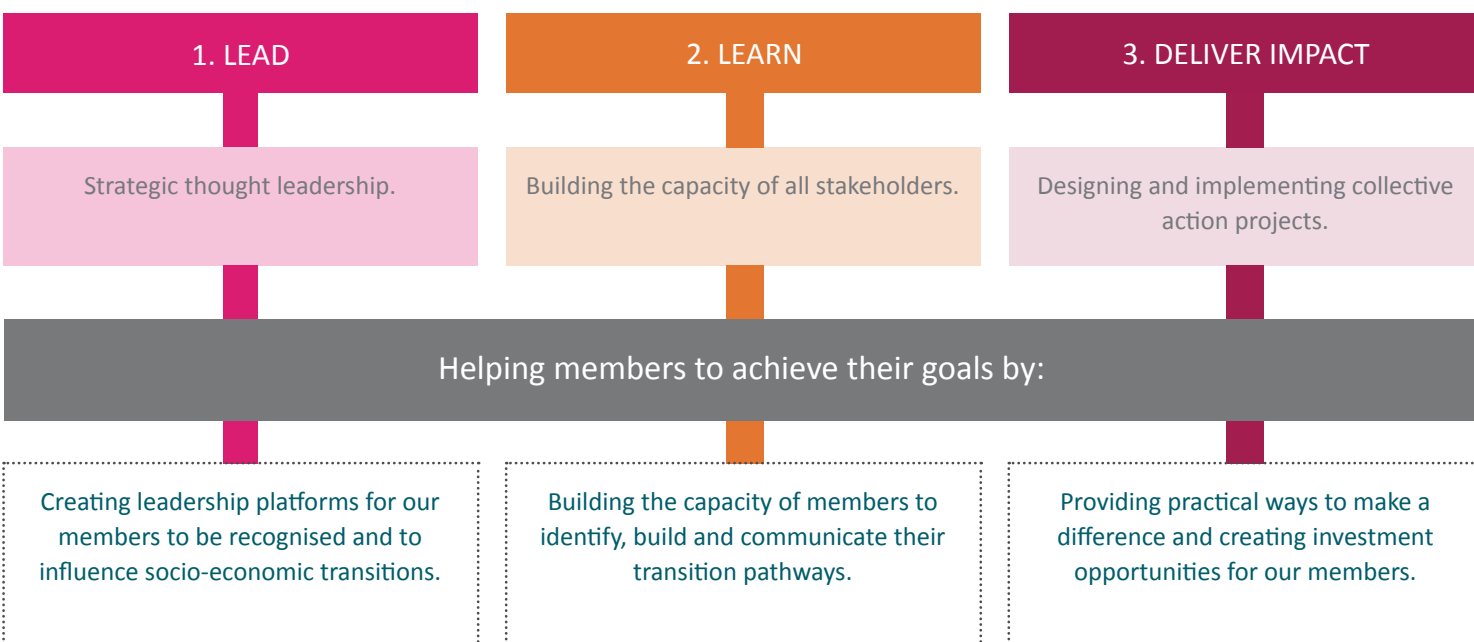
In support of these outcomes, we invested in strengthening our communications work, including appointing a Content Manager, formalising our communications strategy, refreshing our look and positioning, and increasing our social media presence. This is already generating dividends and in the coming year we will continue to improve our communications, including by hosting leadership level events, drawing on our international and local partnerships to bring high quality content and new thinking to our members, and broadcasting their achievements and contributions to a wider audience.



THE NBI'S PROGRAMME OF WORK AND WAYS OF WORKING

The NBI's programme of work is built on our history of strong implementation experience and support, deep strategic and systemic understanding, and our ability to create bridges between stakeholders.

THE NBI'S WAYS OF WORKING:



THE NBI IMPACT FRAMEWORK

The NBI Impact Framework summarises our key aspirations and the workstreams that support these. These programmes are designed to align with member needs and are strongly influenced by the local and international guidance provided by the National Development Plan (NDP) and Sustainable Development Goals (SDGs) targets. The objectives arising out of key government and partnership programmes, such as B4SA, the Presidential Jobs Summit and the Investment Summit, will continue to guide our strategy and programme areas in the medium term.

ECONOMIC RESILIENCE

The South African economy is inclusive, equitable, competitive and sustainable

- South Africa is an equitable place to work (Social Transformation, page 34 [i](#))
- The economy is inclusive (Social Transformation, page 34 [i](#))
- The economy is competitive in a net carbon neutral global economy (2050) (Environmental sustainability, page 46 [i](#))
- Key economic sectors are water secure (Environmental sustainability, page 46 [i](#))
- The economy is resilient to shocks (including from climate change) (Environmental sustainability, page 46 [i](#); Social Transformation, page 34 [i](#)).

INSTITUTIONAL CAPACITY

South Africa has the institutional capacity to support social and economic transformation

- Government is effectively delivering services (TAMDEV, page 43 [i](#))
- Functional institutional mechanisms enabling public and private sector collaboration are in place (Environmental sustainability, page 46 [i](#); Social Transformation, page 34 [i](#); TAMDEV, page 43 [i](#))

TRUST

South Africa is a society characterised by high degrees of trust

- Public and private entities are corruption free and demonstrating ethical leadership (Social Transformation, page 34 [i](#))
- NBI member companies are convinced of the role for business in leading economic development and are implementing innovative solutions (all focus areas)
- NBI member companies are participating in collective action (all focus areas)

STRATEGY IMPLEMENTATION

At the start of each financial year, a forward-looking scorecard is drafted that defines our strategic focus and against which delivery is monitored. The four high-level indicator categories set at the start of the 2020 financial year were:

1. DELIVER ON OUR VALUE PROPOSITION TO MEMBERS:

1. **Strengthen the capacity of South African companies to support the achievement of NDP and SDG goals and targets.**
Ongoing through the SDG programme (page 55 [i](#)).
2. **Develop corporate maturity in achieving meaningful transformation and in working to address inequality.**
Ongoing through the Social Transformation programme (page 34 [i](#)).
3. **Build the corporate contribution to achieving a water secure South Africa.**
Ongoing through the NBI's Water projects (page 52 [i](#)).
4. **Create effective paths to employability through addressing the systemic linkages between TVETS, policy and employers and demonstrating this through practical interventions.**
Ongoing through the Social Transformation programme (page 34 [i](#)). Some projects were delayed by COVID-19.
5. **Increase corporate ambition in the fight against climate change and build corporate resilience to address climate risk.**
Ongoing through our Climate Change and Energy projects (page 50 [i](#)).
6. **Provide a large-scale systemic response to achieve energy efficiency.**
Ongoing through our Climate Change and Energy projects (page 50 [i](#)).
7. **Support strengthened local government through collective programmes.**
Initiated through the TAMDEV initiative (page 43 [i](#)).
8. **Enable economic inclusion (supply chain and supplier diversity).**
This work is included in the township economies programme, which will link into company supply chains to enhance diversity and inclusion in procurement (page 38 [i](#)).
9. **Build corporate capacity to effectively address corruption.**
Ongoing through our Ethical Leadership and Anti-Corruption focus area (page 41 [i](#)).
10. **Engage our members on the future of work and on the disruptive changes in their sectors that create both opportunities and threats.**
Not progressed during the year. Member energy was more focused on the challenging business conditions and COVID-19.
11. **Bring NBI experience and initiatives into the broader business and governmental processes that are focused on poverty, inequality and job creation/retention such as the Jobs Summit and the CEO Initiative.**
Ongoing. The main priority of business and government in the last quarter of the year shifted to addressing COVID-19.

2. MAINTAIN EXCELLENCE IN CORPORATE GOVERNANCE, RISK

Ongoing (page 56 and 58 [i](#)).

3. ENSURE THE FINANCIAL STABILITY OF THE NBI

Ongoing (page 62 [i](#)).

4. PROVIDE EFFECTIVE LEADERSHIP

Ongoing (page 58 [i](#)).

Each unit and responsibility area drafts detailed operational plans that align with the NBI's strategy and include specific outcomes and linked actions to drive delivery in each focus area. Progress is monitored by management on an ongoing basis and reported to the Board at Board meetings.



As all of the NBI's programmes have a long-term focus, the ten strategic focus areas set for 2021 in the NBI Impact Framework are a continuation of the overarching elements of the current programmes with an emphasis on enhancing, consolidating and strengthening delivery, refining activities to more closely align with member needs and priorities, and identifying investment opportunities for members.

CEO'S REPORT

Joanne Yawitch

2020 was an extremely challenging year. The impact of COVID-19 in the last quarter of our financial year was felt within the NBI and clearly by our members and the country as a whole. Ensuring the health and wellbeing of our staff was our first priority and we managed the transition to an online working environment while ensuring that we retained the relationships which are a strength of the NBI.

GOOD PROGRESS UNDER DIFFICULT CONDITIONS

We are a small team dealing with a wide set of content areas, but were nevertheless able to deliver work of an excellent quality and make good progress in most of our projects and commitments to our members. Unfortunately, contracting on a few projects took longer than anticipated and, while the administrative requirements are now in place, the start of these projects was delayed.

The NBI's membership is the organisation's key asset. It enables collective impact and allows us to demonstrate through our collective actions the progressive leadership role of business in society. Many of our programme areas have a broad focus on creating investment opportunities for members that also support job creation and economic growth.

Our ability to build bridges, our strong relationships with government and convening power are our core strengths and are assets that are essential to drive the collective action needed for the country to recover after COVID-19. We facilitated a number of meetings of business leaders in the first part of the year through the CEO Initiative, particularly around the impending credit rating downgrade and the Job Summit goals. We also put together a meeting of the BRICS Business Council in South Africa at short notice.

From March 2020 the priorities of leadership in both the private and public sectors shifted to containing the impact of COVID-19. This made it difficult to sustain momentum on some of our projects. The NBI threw its weight behind the business collective effort, particularly through Business for South Africa (B4SA). We demonstrated our ability to implement impactful and cross-cutting projects by leveraging the resources in our water focus area and the TAMDEV initiative to design, develop and roll out a township sanitation initiative (page 45) in collaboration with B4SA. We also participated in a number of B4SA's other work areas and provided a conduit through which their activities and information were disseminated to our members and stakeholders.



MOVING CRITICAL TRANSFORMATION CONVERSATIONS FORWARD

COVID-19 amplified significant issues that underscore the role of business in society and the way in which it interacts with its downstream obligations. Our Transformation focus area aims to stimulate discussions and action around South Africa's most pressing socio-economic challenges. A key area of focus in this work was on building our gender programme to explore societal inequity and looking at how corporates can drive transformation. The increased occurrence of gender-based violence during lockdown further emphasises the importance of our work in this area. The initial research in our anti-corruption focus area progressed well during the year, establishing a solid base from which to develop online training and further raise the profile of this important societal issue.

While our skills programme that promotes youth employability went well for most of the year, lockdown unavoidably affected our ability to train and place candidates. The programme is nevertheless progressing in an exciting new direction with the focus on developing young people and artisans through township Installation, Repair and Maintenance (IRM) hubs to boost local employment and the township economy.

WORKING TOWARDS A JUST TRANSITION

Climate finance resource mobilisation, championing a green stimulus programme and the Transition Risk/Just Transition programmes are proceeding well after a long build up. The Just Transition project looks toward 2050 transition pathways for key economic sectors and is intended to provide a fact base from which business can engage with government to define green investment initiatives. Our relationship with government was further strengthened through the very successful hosting of South Africa's COP25 pavilion.

Our work on public-private partnerships in the water sector also opens up opportunities for new investments that would support economic growth and development. The continuation of our water partnerships in uMhlatuze and the Western Cape has also demonstrated the value of multi-stakeholder initiatives in which business works with key partners in government and civil society to achieve a common set of goals – in this case increased resilience and readiness to manage water risk.

The NBI's Sustainable Development Goals (SDGs) programme has created an effective methodology for companies to integrate the most relevant SDGs into their strategy that has been successfully applied over two sectors and in a number of companies.

BUILDING CAPACITY IN LOCAL GOVERNMENT

The TAMDEV initiative aims to build capacity and strengthen delivery in local government and gained good traction with the signing of a Memorandum of Understanding with the Department of Cooperative Governance and Traditional Affairs that establishes the programme as a key partner in the roll out of government's District Development Model.

We also focused on improving the NBI's communications during the year by expanding our capacity and developing a strategy that is being consistently implemented and that has elevated our messaging to members and the public. This includes a raised social media presence and refreshed look and positioning that are already delivering benefits. In the coming year we will continue to raise the NBI's profile, including by hosting leadership level events and drawing on our international and local partnerships to bring high quality content and new thinking to our members.

SUPPORTING FINANCIAL SUSTAINABILITY

When companies are under pressure, funding for voluntary organisations inevitably suffers. That the NBI was still able to secure funding during the year is, I believe, a direct result of companies recognising the value that we add.

Membership donations declined 2% year on year, reflecting the impact of the current challenging business conditions. Project recoveries increased 41% as the TAMDEV and Social Transformation focus areas gathered pace. Total costs increased 13% mainly due to increased employee costs as new appointments were made to create capacity for project delivery. Unit expenditure costs were below budget due to event and travel savings, and savings on consultants.

Staff assisted cost containment measures by voluntarily foregoing salary increases, managing with some unreplaced vacancies, delaying recruitment and performance bonuses were reduced. The NBI ended the year with a surplus of R2.2 million. We continue to explore other sources of funding to supplement membership donations while ensuring that projects are self-funding.

OUTLOOK

While at the time of writing the first wave of COVID-19 is behind us and the second wave declining, there remains significant uncertainty regarding the time it will take for the vaccine roll-out, whether there will be a third wave, and most importantly, what it will take for the economy to recover and what change will be permanent. The NBI's revised strategy puts economic recovery at its core and emphasises the leadership role the NBI and our members can play through our programmes to address the deep structural weaknesses and inequalities that pervade our society.

Our delivery during the year demonstrates that we can engage on key issues of critical importance to members even during severe external shocks. We are now in a position to further our goals in larger, longer-term projects, such as TAMDEV, the Just Transition work and our programme to develop township economies. All of these programmes have incredible value for companies and society but will need adequate support to grow to their full potential.

In the year ahead, we will continue to progress our existing programmes with an increased emphasis on adding individual and collective value for member companies, including through increased membership direction, profiling and sharing best practices, and getting more content and knowledge out to members.

It is clear that the NBI and its members have a significant opportunity to contribute to an emergent social compact with a range of concrete and practical initiatives that demonstrate business's role in the recovery and future prosperity of the country.



OUR MATERIAL MATTERS

The NBI's material matters are those matters that have the most significant potential impact on the organisation's ability to create value and long-term sustainability. We identify and prioritise our material matters through our risk processes, Board and management deliberations, membership interactions, engagements with our other stakeholders, strategic planning sessions and the reporting process. These matters influence our strategy, decisions on capital trade-offs, activities and the information we disclose in this report. Our material matters include both financial aspects in recognition that environmental, social and governance risks and opportunities ultimately have financial outcomes.

COVID-19

COVID-19 had a significant impact on society and business everywhere and the NBI was no exception. The pandemic injected significant uncertainty and we immediately implemented protocols in line with the national regulations to ensure the safety of our staff. We closed our offices and switched to remote working during lockdown, and elected to continue working remotely for the rest of the year.

Our ways of working, delivery on our various programme areas and planned activities as well as our strategic focus had to adapt to working in the 'new normal'. The impact of the pandemic has heightened awareness of the need to urgently address the many societal challenges South Africa faces, increasing the relevance of the NBI's programmes in these areas. At the same time, the crisis resulted in severe pressure on our members and business more broadly, that could affect funding for our activities and programmes going forward, and made it difficult to engage effectively with certain stakeholders, particularly during the first few months.

STRATEGIC POSITIONING

At a collective level, business organisations in South Africa are being challenged to find solutions that will both support a post COVID-19 recovery and address our structural economic challenges. There are a number of business organisations active in South Africa and, with business under significant pressure due to the weak economy and the damage wrought by COVID-19, we must ensure that we clearly demonstrate and communicate the NBI's unique position and strategy, and the value we add. We have adapted the NBI strategy to ensure that we remain relevant within the COVID-19 operating context and aligned with our members' priorities. The new communication strategy and additional content resources aim to ensure that our value proposition is clearly and consistently communicated.

HUMAN CAPITAL

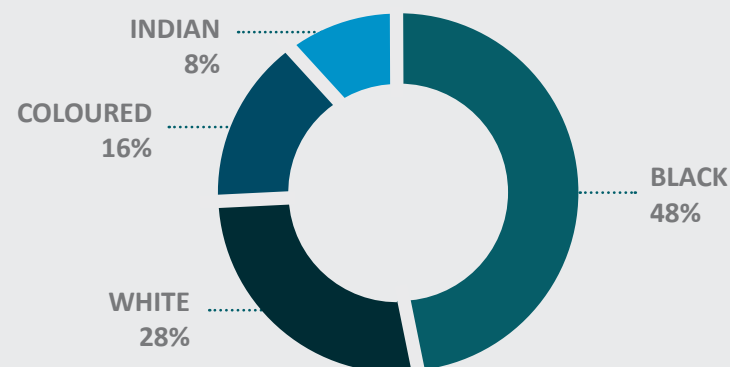
Our employees, including management and work stream heads, comprise the human capital available to the organisation to implement our programmes and support our activities. We rely on our ability to attract, develop and retain motivated staff with the necessary skills to deliver on our strategy and programmes.

At the end of June 2020 there were 25 staff in the organisation (2019: 20), 10 of whom are permanent staff and 15 contractors. Skills development is an important focus with most of the training comprising on-the-job and internal training. Our team-based approach supports the spread of skills and relationships. Planned team building and training was rolled over into the 2021 financial year due to COVID-19. However, online training was provided to team members on remote working and tools to support this.

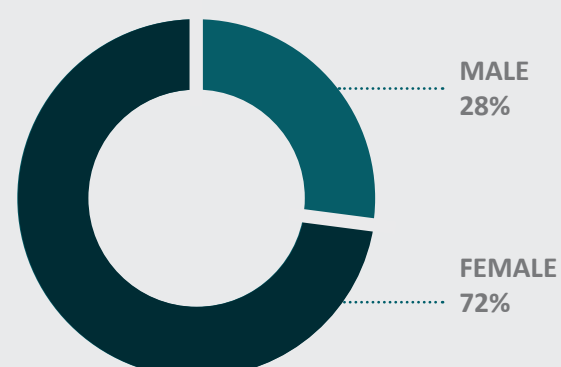
The NBI's performance management and review process includes biannual meetings to track progress against deliverables agreed for the year. These meetings identify performance barriers and training needs to support ongoing delivery.

A Content Manager was appointed during the year to assist in implementing the communications strategy and new appointments were made in the energy, skills, water and anti-corruption focus areas. In addition to improving our capacity, these appointments help to build the long-term talent pool in the organisation and support succession planning.

STAFF SPLIT BY RACE (all staff)



STAFF SPLIT BY GENDER (all staff)



COVID-19 Response

The NBI offices closed at the start of lockdown and staff started working from home. Team managers held regular calls, virtual one-on-ones and team meetings to manage ongoing projects and to ensure that team members were coping while working remotely. Regular email communications kept staff updated and encouraged them to make use of the ICAS Employee Wellness Service should they need support. ICAS ran a Mental Health month that we kept staff updated with on a weekly basis.

The offices reopened during July although staff were strongly encouraged to continue to work remotely from home. We developed a COVID-19 Policy and Workplace Standard Operating Procedures that included strict hygiene protocols in line with the Disaster Management Act. Staff that needed to come into the office did so on a rotational basis, but subject to a limited number of staff in the office at any time. Personal protective equipment (PPE) was provided to all staff.

ETHICS AND GOVERNANCE

The principles of good governance underpin the long-term sustainability of any organisation. As a member organisation that coordinates collaborative projects, it is particularly important that the NBI is seen to be operating ethically and with integrity. Doing so sustains the high levels of trust from our members, partners and other groups that make our activities possible and that are essential to our role as bridge builders between stakeholders. Our focus on business leadership also requires that we demonstrate ethical practices and good governance. The NBI's governance structures and practices align with the principles of King IV and support compliance with the Companies Act.

PROJECT EXECUTION

The NBI's long history of effective project implementation is one of its unique strengths that differentiates us from other business organisations and has made us a trusted implementation partner of both the private and public sector. Business's response to COVID-19 through B4SA and other organisations has demonstrated its willingness to participate in collaborative responses to the challenges facing South Africa and added urgency to keeping momentum.

The NBI's strong implementation experience and support builds trust with stakeholders and ensures that financial capital is responsibly managed and effectively allocated. Our strategy and approach prioritise the allocation of adequate financial and human capital to projects to ensure that they are adequately resourced and implementation is monitored and overseen on an ongoing basis.

FINANCIAL SUSTAINABILITY

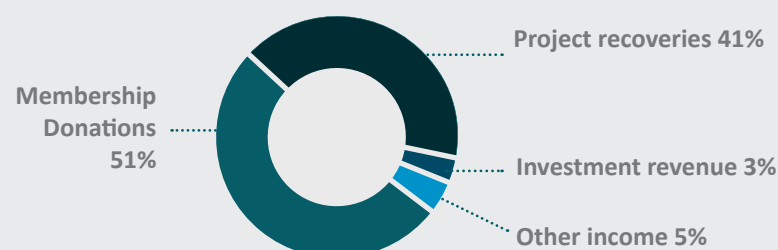
The NBI needs to ensure that we raise sufficient financial capital each year to support our activities, deliver on our programme commitments and build our reserves to create a financial buffer for periods of erratic cash flow. We rely on membership donations, which comprised 51% of revenue in 2019/20, with project recoveries making up 41% and investment revenue 3%.

Business in South Africa has been under pressure for several years due to the weak economy and ongoing policy uncertainty. The impact of the COVID-19 crisis increases the risk of the NBI's membership donations being affected by businesses closing and the extreme pressure on member budgets leading to reductions in donations, late payment or non-payment.

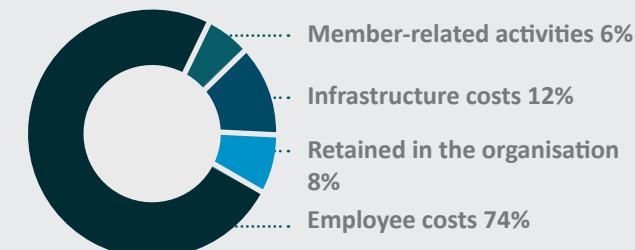
We engage with members on an ongoing basis to ensure that our focus areas remain relevant and deliver tangible value. A funding strategy is in place supported by the Membership and Fundraising Committee of the Board and we continue to investigate ways to diversify funding sources. Cost management is a priority that is carefully balanced against the need to ensure sufficient resources are available for project delivery.

The primary capitals available to the NBI are our human capital, the relationships created with stakeholders and the intellectual capital built up through our ways of working. Employee costs consequently comprise 74% of the value distributed, with 6% allocated to member-related activities and 12% to infrastructure costs. Member-related activities include functions and events, local and foreign travel, subcontracted support services and operational consulting costs. These costs decreased year on year due to reduced travel and reduced subcontracted support services.

REVENUE BY SOURCE



VALUE DISTRIBUTION



STAKEHOLDER ENGAGEMENT

The NBI's deep and lasting relationships with its stakeholders are one of our most important strengths and key to our ability to catalyse collective action by building bridges between business, government, society and other key stakeholders. Stakeholder engagement is an ongoing priority and central to our purpose and strategic intent.


Engagements with our stakeholders build social and relationship capital, ensure that we understand the unique interests and concerns of our stakeholders and inform our strategy and programmes. Given the small size of the organisation, we have to balance the time and human capital resources required for one-on-one engagements with members to support their sustainable development priorities with delivery on broader projects and building future programmes.

The NBI's communications are an active and important engagement channel that provide exposure to and contact with key stakeholders as well as the broader public who may have an interest in the NBI's work. These communications include On a Clear Day, our Quick Briefs, thematic and project reports, news releases, LinkedIn, Twitter, our YouTube channel and web pages.

Our key stakeholder groups, their concerns and how we address these are shown in the table.

STAKEHOLDER AND KEY CONCERNS	HOW WE ENGAGE WITH THEM	HOW WE ADDRESS THEIR CONCERNS
MEMBERS		
A clear, unique value proposition	Ongoing one-on-one interactions, Membership Council (national and regional), Board representation, programme advisory structures, various publications, dialogues and events	Ongoing engagement to ensure that we understand their changing priorities and interests
Value for money and return on investment		Regular communications to raise awareness around key issues and demonstrate the value that the NBI adds
Efficient and effective delivery on projects		Delivery on our core projects and collective action programmes
Access to government at the appropriate level and trust building		Direct one-on-one support
Opportunities for capacity building and collective action		Providing bold leadership platforms and networking opportunities
Exposure to peer learnings		Thought leadership in support of sustainable development
New investment opportunities that can transform their businesses, stimulate growth, create jobs and reduce inequality and poverty		Secretariat role in supporting broader business/government partnerships



STAKEHOLDER AND KEY CONCERNS	HOW WE ENGAGE WITH THEM	HOW WE ADDRESS THEIR CONCERNS
GOVERNMENT (NATIONAL AND REGIONAL)		
Advancing sustainable development and social transformation in South Africa	Ongoing project-level interaction	Regular interactions to ensure that we understand their changing priorities and interests
Business participation in collective action projects	High-level interaction	Delivery on our core projects and initiatives to meet immediate needs, such as the NBI COVID-19 Sanitation Rapid Response
Access to business thought leaders	Interaction with other business organisations	Developing thought leadership
Opportunities for capacity building and collective action	Participation in working groups	Leveraging strong relationships with government to play a bridging role between government and businesses
	One-on-one support of key officials	
PROJECT BENEFICIARIES		
Effective sustainable development	Interaction during project setup, delivery and closure/exit	Delivery on our core projects
PROJECT SPONSORS		
Efficient and effective delivery on projects	Interaction during project setup, delivery and closure/exit	Delivery on our core projects
Transparent and accountable allocation of project funds		Thought leadership in support of sustainable development
		Regular reporting of project progress, spending and outcomes
OTHER BUSINESS ORGANISATIONS AND COLLABORATIONS (B4SA, BUSA, BLSA, BBC)		
Co-ordinated and collaborative sustainable development in support of business and society	Interaction through partnerships and other business forums	Delivery on our core projects and initiatives to meet immediate needs, such as the NBI COVID-19 Sanitation Rapid Response
Opportunities for economies of scale in collective action		Regular interactions to drive strategic alignment
EMPLOYEES		
Fair pay	Ongoing interaction	Responsible HR practices and fair pay
Business sustainability	Performance reviews	Performance management reviews
Good working conditions		Ongoing communication
Opportunities for personal development		Development through our team-based approach, on-the-job training and internal skills development
Health and safety during COVID-19		Effective COVID-19 health and safety protocols and remote working (page 29 )
		ICAS Employee Wellness Service

ACADEMIC INSTITUTIONS

Partnering to provide thought leadership	Ongoing interaction	Delivery on our core projects
	Participating on advisory boards	Developing thought leadership
	Lecturing	

STRATEGIC PARTNERS (INCLUDING THE WBCSD AND WE MEAN BUSINESS)

Advancing sustainable development and social transformation in South Africa	Ongoing project-level interaction	Delivery on our core projects
Demonstrating the contextual relevance for South Africa	High-level interaction	Developing thought leadership in support of sustainable development
Opportunities for shared thought leadership and economies of scale in collective action		

DELIVERY PARTNERS (CDP, SPECIALIST CONSULTANTS)

Advancing sustainable development and social transformation in South Africa	Ongoing project-level interaction	Delivery on our core projects
	High-level interaction	Thought leadership in support of sustainable development



“

Stakeholder engagement is an ongoing priority and central to the NBI's purpose and strategic intent. Our ability to build bridges between stakeholders is a significant strength of the NBI and critical to our ability to catalyse collective action at scale.

”

NBI's PROGRAMME AREAS

SOCIAL TRANSFORMATION

1

TAMDEV PROGRAMME

2

ENVIRONMENTAL SUSTAINABILITY

3

THE NATIONAL DEVELOPMENT PLAN AND SUSTAINABLE DEVELOPMENT GOALS IMPLEMENTATION

4



1

SOCIAL TRANSFORMATION



Gugu McLaren-Ushewokunze
Head: Social Transformation & Social Cohesion

South Africa faces a range of serious structural and socio-economic challenges, including inequality, weakened institutions, intolerance and high unemployment, particularly youth unemployment. These challenges have been significantly amplified by the COVID-19 pandemic. The NBI's work programme aims to provide the tools, structures and thought leadership business needs to play its essential role in helping to address these challenges and create a South Africa that is inclusive, equitable, competitive and sustainable.

The NBI's Social Transformation programme is underpinned by the belief that addressing South Africa's increasingly challenging economic and social issues of inequity and exclusion requires urgent and collaborative action. This action needs to include member companies, government and key partners across sectors, to address both the immediate challenges and the deeper systemic issues. The unit aims to drive real transformation in South Africa by providing collaborative learning and innovation to assist member companies to unlock the benefits and opportunities of transformation. We leverage collective learnings and failures to build on the experience and insights of a wide range of companies to jointly create solutions that can be tested and scaled.

During the year, the youth employability focus area was folded into the Economic Inclusion pillar of the Social Transformation programme.

The work of the Social Transformation unit supports the key projects identified in the Presidential Jobs Summit in October 2018 by facilitating and implementing effective and scalable programmes to create and retain jobs, and addressing the gender pay gap and anti-corruption.

The four pathways of our Social Transformation programme were developed following extensive engagement with companies as well as desktop research of global and local best practice. Our approach relies on comprehensive research and dialogue to collate best practice and learnings, opportunities to rethink and develop innovative approaches, and the ability to test these approaches within companies. Pivotal activities within each pathway have been identified that aim to challenge, co-create solutions and support companies to address the barriers to real transformation and sustainability.



The four pathways:

- 1** ENABLING ECONOMIC INCLUSION
- 2** CREATING A CULTURE OF INCLUSION
- 3** ACTIVATING BOLD AND TRANSFORMATIVE LEADERSHIP
- 4** BUILDING ETHICAL LEADERSHIP AND ANTI-CORRUPTION

PROGRAMME HIGHLIGHTS AND CHALLENGES

- We incorporated the youth employability work (previously a separate programme) into the Economic Inclusion programme of the Social Transformation unit.
- The increased awareness of gender-based violence (GBV) during COVID-19 emphasised the relevance of the NBI's work in this area and increased traction.
- COVID-19 and the lockdown had a disruptive impact on employees, members, partners and other stakeholders which led to delays in some projects.
- We rolled out the gender pay gap pilot project, working with five companies to test different methodologies for calculating pay disparity.
- The anti-corruption benchmarking project was concluded and we released a Benchmarking report.
- We saw increased member participation and engagement across a broader group of stakeholders, including civil society.
- We finalised the IRM plumbing curriculum (the Plumbing Hand) and converted it for online and blended learning. This pathway towards the Technical Operator Practitioner designation in the plumbing industry is now formally recognised with the Plumbing Industry Registration Board.
- We completed the training of the first cohort of plumbing candidates through the IRM and the first group of apprentices through the SSHAP programme but continued weak economic conditions exacerbated by COVID-19 made it difficult to convert the workplace learning into jobs, particularly in the hospitality industry.
- We conceptualised a model for growing demand for skills and jobs in township artisanal businesses, through enterprise development, skills development and market linkages, which will be tested in 2021.
- Building capacity in TVET Colleges and re-establishing the reputation of these institutions in the private sector will require more work.

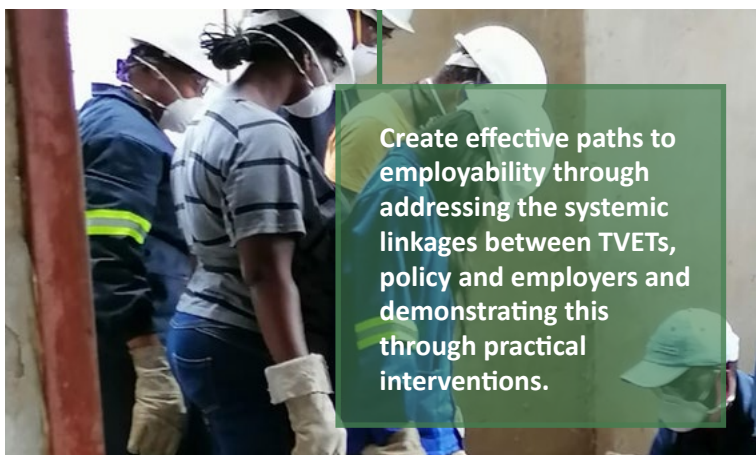




1. ENABLING ECONOMIC INCLUSION

KEY ACTIVITIES:	<p>In the second quarter of 2020, the percentage of young people aged 15 to 34 not in employment, education or training reached 45%², representing 9.2 million people. With more than a million more entering the labour market each year, youth unemployment is one of the most significant impediments to economic inclusion and social sustainability in South Africa. Innovative solutions that create meaningful and sustainable pathways to occupations that are in demand are urgently needed, particularly as the economy recovers from the impact of COVID-19 and the lockdown. Weak co-ordination of many of the existing initiatives in this area run by government and business has resulted in limited and diffuse impact.</p> <p>²Quarterly Labour Force Survey, Quarter 2: 2020, Statssa</p>
The Installation, Repair and Maintenance (IRM) Initiative	
The Swiss South African Hospitality Apprenticeship Programme (SSHAP)	
IRM township hubs	

STRATEGIC FOCUS AREA



Create effective paths to employability through addressing the systemic linkages between TVETs, policy and employers and demonstrating this through practical interventions.

The NBI's youth skills initiatives aim to create effective paths to employability by leveraging the systemic linkages between TVETs, policy and employers, and demonstrating this through practical interventions. The programme focuses on identifying and implementing collaborative solutions that help youth to successfully transition to the labour market, with an emphasis on the transition pathways through Technical and Vocational Education and Training (TVET). Public TVET Colleges have a critical role in preparing young people for employment and career progression. Our goal is a skills pipeline that is responsive to labour market needs and offers youth a variety of options that include further study, employment and self-employment.

The NBI hosted a Thought Leadership Series event in partnership with Growthpoint to share insights and learnings on measuring the impact of support for entrepreneurs and SMEs by showcasing the Property Point case study. The case study measured the macro-economic impact of SME and supplier development programmes to drive economic inclusion. [Click here](#)  to watch a video of the session.

The NBI's current skills work facilitates meaningful industry/TVET partnerships to create a more effective intersection between skills supply and demand through improved recruitment, selection and preparedness of young people to enter into the world of work. Our work with TVET Colleges seeks to create a culture of demand-driven, responsive teaching and learning and to ensure that college/industry partnerships are sustained for greater impact.

By focusing on learning and sharing effective approaches and strategies to support and grow entrepreneurs and SMEs, the NBI helps to identify opportunities for collective action through supply chain transformation. The two primary initiatives in this area are the Installation, Repair and Maintenance (IRM) Initiative and the Swiss South African Hospitality Apprenticeship Programme (SSHAP). Wherever possible, the implementation of IRM and SSHAP are aligned with government flagship programmes and business-led initiatives, including the Centres of Specialisation³ and the Youth Employment Service (YES)⁴.

The IRM and SSHAP programmes have shifted to a blended learning approach that combines innovative online materials with earlier entry into the workplace for on-the-job training. This allows the programmes to scale faster and include more young people into the economy sooner than traditional approaches.

³The Centres of Specialisation Programme is a Department of Higher Education and Training (DHET) initiative to address the demand for priority trades needed for the implementation of government's National Development Plan and National Infrastructure Plan, and to contribute towards building the capacity of TVET Colleges to deliver trade qualifications with employer partners.

⁴YES is a collaborative economic enabler led by business with government and labour that aims to give unemployed youth quality work experience to enhance employability and reduce youth unemployment.

During the year, the NBI and Harambee Youth Employment Accelerator established a Project Management Office (PMO) at NBI to coordinate IRM activities and deliver on the Jobs Summit commitments. This includes addressing barriers on both the supply and demand sides of the labour market to ensure youth are able to transition into sustainable employment opportunities. The PMO played a critical role in influencing and demonstrating the implementation of a demand-led and occupationally-driven TVET College system.

THE INSTALLATION, REPAIR AND MAINTENANCE (IRM) INITIATIVE

Installation, Repair and Maintenance (IRM) roles make up approximately two million jobs, around a third of which are occupied by young people. Two-thirds of these jobs are in small and medium enterprises.

The IRM Initiative aims to expand and grow pathways for young people into artisanal roles and forms part of the Framework Agreement reached at the Presidential Jobs Summit, seeking to create 7 500 new entry-level artisanal jobs by 2021. It is a three-year multi-sector partnership led by the NBI and the Harambee Youth Employment Accelerator that builds on the learnings from previous work with Harambee in the construction, hospitality and solar water heater installation and maintenance sectors. IRM focusses primarily on initiatives in the plumbing and solar water heater, electrical and photovoltaic, infrastructure maintenance and automotive sectors.

The Green Economy is a cross-cutting element of all sectors that opens new pathways that are currently not being recognised. The limited supply of green skills, particularly through the TVET Colleges, presents an opportunity to enhance their capacity to optimise pathways into green occupations on a scalable and sustainable basis.

IRM GENERAL REPAIRER
The general repairer artisan pathway provides the skills to repair and maintain residential, commercial and hospitality infrastructure and equipment, including public infrastructure such as schools and hospitals. The pressure on hospitals and clinics from COVID-19 emphasised the need for repair and maintenance at these facilities and we are working with township businesses to place young people into these roles.

Chris Hani Baragwanath Hospital has two centres for welding, carpentry and upholstery to provide on-site repair and maintenance of beds, stretchers, wheelchairs and general furniture. The City of Johannesburg has around 14 primary healthcare facilities that require ongoing maintenance of infrastructure and equipment such as generators, heating, cooling and ventilation systems, stretchers, wheelchairs and general furniture. The City of Johannesburg has around 14 primary healthcare facilities that require ongoing maintenance of infrastructure and equipment such as generators, heating, cooling and ventilation systems.

The IRM Initiative helps young people to overcome the significant barriers to artisan training that restrict large numbers from embarking on an artisanal career path. It combines existing programmes in TVET Colleges and Technical High Schools, integrating engineering theory, practical skills and work-readiness training, so that students enter the workplace ready to engage in on-the-job training and development. This creates a more inclusive technical skills talent pool for entry-level employment that can help employers to achieve their sustainability and transformation objectives.

The IRM Initiative partnered with the Ekurhuleni East TVET College to pilot the development of 'Technical Plumbing Assistants', a new entry level designation created by the Plumbing Industry Registration Board. To date, 37 candidates have completed training for IRM roles with 35 placed for six months of workplace learning in January 2020, primarily in small and medium enterprises (SMEs), supporting the growth of SMEs through skills investments. Preparations are underway for three more cohorts in 2021, two in Gauteng and one in the Western Cape.

During the year, we continued to test the model and apply learnings from the pilot to establish a foundation to scale the initiative up further. Given the worsening economic conditions, exacerbated by COVID-19, the IRM Job Summit target of 7 500 new jobs created by 2021 was revised to 1 500 new jobs with a short- to medium-term focus on job retention and sustaining jobs.

We finalised plans for the first cohort of solar photovoltaic (PV) learners in the Western Cape and planned for the second cohort of plumbing/solar water heater learners at the Ekurhuleni East TVET College. These were placed on hold with the arrival of COVID-19 with both colleges and employers going into lockdown. NBI and Harambee engaged with the UK's Prosperity Fund⁵ to use the IRM approach to deliver employment to 200 marginalised youth in local SMEs as well as to upskill and formalise the competence of 100 workers currently employed in these SMEs.

The unit drove capacity building in blended/project-based pedagogy at Ekurhuleni East and Tshwane South TVET Colleges as well as delivering in-company mentorship training with the first cohort of host companies. We also initiated the development of blended-learning content, including the conversion of plumbing content to digital media. The IRM will be expanded to include training in other sectors, including property maintenance and domestic appliance repair. Four more TVET Colleges are in line to participate in the IRM, bringing the total to five. The IRM initiative is also expanding into the township economy through the IRM township hub concept discussed below.

⁵The Prosperity Fund supports the inclusive economic growth needed to reduce poverty in partner countries to contribute to achieving the UN Sustainable Development Goals.

THE SWISS SOUTH AFRICAN HOSPITALITY APPRENTICESHIP PROGRAMME (SSHAP)

SSHAP uses a dual apprenticeship model that combines theoretical and practical learning to increase youth employability by exposing students to classroom instruction, on-the-job training and e-learning. It aims to grow employment opportunities for unemployed youth by tapping into the job-creation power of the hospitality industry and the NBI's strong partnerships with hotel groups.

The SSHAP model produces apprentices that are ready for immediate employment by aligning training with skills currently in demand and opens new pathways for employment and further study. The programme is a partnership between the NBI and the Swiss Embassy in South Africa.

The hospitality industry featured prominently in the Jobs Summit Framework Agreement due to its good growth prospects, labour-intensive nature and localising of economic activity, which benefit local entrepreneurs.

Apprentices exit the six-month SSHAP programme with a globally-recognised certificate from the Hotel and Tourism Management Institute of Switzerland (HTMi) and an internationally benchmarked set of hospitality skills. Implementation partners have first preference in choosing top talent at the end of the programme.

The first six-month leg of the programme launched in April 2019 with 37 apprentices, 34 of whom completed their training at the end of October 2019, with five already offered jobs. The programme aimed to recruit other hotel groups to host subsequent cohorts to reach a programme target of 120 apprentices split between Johannesburg and Cape Town.

The hospitality sector was particularly affected by COVID-19 and the current programme is currently on hold until activity in the industry picks up again. We are investigating implementing an equivalent model providing skills in property maintenance. The strategy was revised to extend the collaboration with the Swiss Embassy to a longer-term strategy and demand activation for SSHAP through funding streams and partnerships with other partners that will train and place learners in the hospitality industry.

EXPANDING OPPORTUNITIES IN THE TOWNSHIP ECONOMY

Investing in and developing entrepreneurs and SMEs, particularly within largely marginalised locations, can make an important contribution to addressing South Africa's high youth unemployment and developing the township economy.



STRATEGIC FOCUS AREA



Enable economic inclusion through supply chain and supplier diversity

We are developing a programme that will formalise and grow SMEs within artisanal professions, while simultaneously growing the market and demand for IRM skills and graduates. The programme will set up township hubs focused on the IRM ecosystem and mobilise companies in the formal sector, particularly industrial companies, to engage more effectively with township businesses and bring them into their supply chains. This will provide these SMEs with greater market access, increase their revenue base and have a significant impact on job creation for young people. The NBI is testing the concept in Katlehong and Ilembe in partnership with the Small Enterprise Development Agency (SEDA), the Ekurhuleni East and Umfolozi TVET Colleges, and European agencies GIZ and the Swiss State Secretariat for Economic Affairs (SECO).

2. CREATING A CULTURE OF INCLUSION

KEY ACTIVITIES:

Inclusion Working Group and the Inclusivity Blueprint

Gender equity – gender pay gap and GBV

LGBTI+ Inclusion

The focus of the culture of inclusion pathway is to collectively create and share strategies for inclusion that unlock the value, innovation and improved productivity that enhancing and supporting diversity and representation bring to an organisation. The work on the inclusivity blueprint, the gender pay gap and gender-based violence remains the entry point for such conversations. A short clip providing an overview of the unit's work is available [here](#)

STRATEGIC FOCUS AREA



Develop corporate maturity in achieving meaningful transformation and working to address inequality.

COVID-19 impacted our work in this area as companies shifted into crisis management mode and planned one-on-one engagements, affinity group meetings, dialogues and roundtables were disrupted by lockdown. The LBGTQI+ and GBV research and pilots were delayed as a result.

INCLUSION WORKING GROUP AND THE INCLUSIVITY BLUEPRINT

Transformation within organisations requires the creation of equitable and inclusive workplaces. The Inclusion Working Group facilitates the sharing of knowledge, experience and best practices between companies and across industries.

The Inclusion Working Group is working with member companies, key experts and stakeholders to identify best practices and develop an Inclusivity Blueprint. The blueprint will create a model of what an inclusive and transformative South African organisation could look like and how it can address inequity and lack of transformation in the private sector. [Click here](#) for a short clip on the Working Group.

The Inclusivity Blueprint will be launched in the coming year and will provide guidance for a piloting process within teams, units and organisations to challenge them to move beyond compliance and broaden the understanding and view of transformation, inclusion and belonging, beyond issues of race and gender. The core principles of the blueprint include accountability, transparency, support mechanisms, recourse, justice and access to information. Companies can measure their level of transformation based on a combination of social factors that will be aggregated to show where they are positioned on the transformation maturity curve.

GENDER EQUITY

The Gender Equity projects assist companies to reduce the gender pay gap and to create effective, contextually relevant and sustainable interventions to address GBV.

The gender pay gap project – The NBI is developing and piloting a standardised methodology for the calculation of gender pay differentials within organisations in collaboration with Wits University's Southern Centre for Inequality Studies. The project aims to encourage and assist companies to measure and improve pay ratios between men and women, and in so doing, rethink how to create inclusive and equitable organisations.

The project is supported by the South African Rewards Association and we aim to engage key government departments including the Department of Women, Youth and Persons with Disabilities and the Department of Labour, to increase support and collaboration. We hosted our first gender pay gap pilot workshop in May 2020 where we invited participating companies to gain better insight into the pilot process and further expand on the economic models to be used for the pilot.

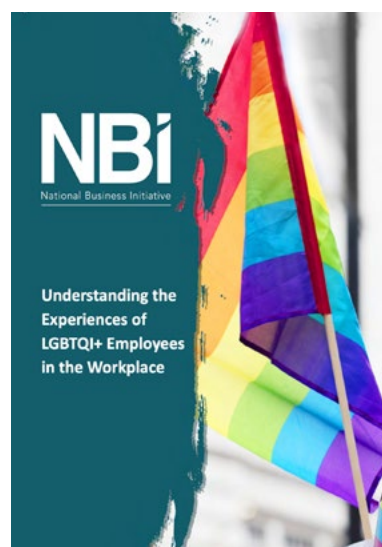
The pilot started rolling out in five companies in April/May 2020 and we plan to develop an online pay gap tool for companies to assess the pay gap in their organisation. The tool will be applicable to companies across all sectors and regardless of their size, and will provide a solution that is directly relevant to the diversity of South African society. This will enable companies to better understand the factors contributing to the gender pay gap in their organisation and track their progress in closing the gap over time. The findings from the pilot and the underlying research will be released in a report during the 2021 financial year.

GENDER EQUITY

Gender-based violence private sector support – As an integral part of society, business is not immune from the impact of social issues that continue to plague the country. Currently, there is little research on the extent and existing interventions in corporate South Africa to address and eradicate gender-based violence (GBV).

In May 2020, the NBI partnered with the Shared Value Africa Initiative to drive a webinar series that provided guidance for companies on how they can respond to the growing outcry against GBV during lockdown and play their part in addressing the issue. An overview of the roundtable is available [here](#). We also capacitated a number of member companies to guide them on how to meaningfully address GBV.

The GBV Pathway was developed to work with South African companies to address GBV and challenge the thinking and responses to eradicating GBV. The GBV pathway is conducting baseline research and engaging business on current and developing interventions on addressing GBV and facilitating dialogues between community security organisations and other NGOs, government and the private sector on how interventions can be contextually relevant and sustainable. We partner with companies to develop interventions that are sector specific and extend within their spheres of concern and influence, and that focus on engaging men. Our goal is to ensure that dialogues on the importance of addressing GBV take place at all levels and include all stakeholders, from community members to employees and the C-Suite.



LGBTQ+ Inclusion in the workplace: The NBI completed a research project to understand the experience of LGBTQ+ employees in the workplace, in partnership with The Other Foundation. The research encompassed an extensive review of global and local approaches to inclusion, as well as the actual experiences of LGBTQ+ employees in the private sector. It will be used to inform the formulation of transformation policies and engage on the complexities of changing behaviours and attitudes in the workplace. Insights from the study will feed into the Inclusivity Blueprint development process. The report was released in July 2020 and can be downloaded [here](#).

The promotion of an inclusive environment for LGBTQ+ employees in the workplace is a human right, which correlates with good business returns.

Companies that adopt an inclusive stance experience better business performance and growth. This is a microcosm of the potential benefits wider society can derive from embracing individuals who identify with the LGBTQ+ community.

3. ACTIVATING BOLD AND TRANSFORMATIVE LEADERSHIP

KEY ACTIVITIES:

CEO Champion Dialogues

Intergenerational Dialogues

This pathway aims to activate bold and transformative senior and young leadership within organisations that are committed to personally engaging with peers on transformation issues through dialogue and taking meaningful action.

The CEO Champion Dialogues were reframed in the COVID-19 context to address the challenges leaders face in providing moral, ethical and skilled leadership in the current uncharted context. Implementation was challenging due to conflicting schedules and competing priorities, particularly after COVID-19, but the dialogues remain a fundamental lever to driving change.

We continue to pursue rollouts and engagements with senior leadership and inclusion representatives on the role transformative leadership plays in positively impacting society and the business sector.

The Intergenerational Dialogue pathway facilitates critically reflective multi-stakeholder and intergenerational dialogues on issues of social transformation, including inequality, inequity, inclusion and privilege. The dialogues aim to develop individual and collective company solutions through conversations between senior leadership and the youth to better understand and transform structural challenges, such as the difficulties facing young people in accessing the job market.

4. ETHICAL LEADERSHIP AND ANTI-CORRUPTION

KEY ACTIVITIES:

Capacity Building

Dialogue

Corruption is a significant challenge in both the private and public sector. There is a need for better collaboration between the sectors to ensure that organisational cultures instil ethical behaviour and drive anti-corruption efforts. The NBI is working with member companies and other key partners to address capacity-building gaps and drive the organisational and behavioural change required to create a more ethical private sector.

STRATEGIC FOCUS AREA



The NBI's Ethical Leadership and Anti-Corruption programme aims to deepen the understanding of the complexity of ethical leadership and anti-corruption within the private sector, create spaces for meaningful discussion and provide support and capacity building. The programme is developing rigorous and practically relevant insights which will inform an open-source online training platform to address the organisational and behavioural aspects that support ethical business conduct and the elimination of corruption.

The Programme has five phases:

PHASE 1:	PHASE 2:	PHASE 3:	PHASE 4:	PHASE 5:
Landscape Mapping	Ethics and Anti-Corruption Benchmarking	In-Company Research Pilot	Content and Curriculum Development	Development of open-source online platform

These initiatives align with the ethical and anti-corruption goals of South Africa's National Development Plan 2030 and the SDGs, and the programme includes an advocacy thrust and the development of a transparency framework.

The Landscape Mapping initiative mapped the ethics and anti-corruption initiatives already in place in government, the public service, academia and the private sector.

The benchmarking process, which comprised an extensive review of the top 50 JSE-listed companies against 80 indicators across six themes, including governance, compliance, values and organisational culture, concluded during the year and an analysis of the information is underway. Outcomes from the process will provide valuable insights into the private sector's response to addressing corruption and inform the curriculum developed for the training platform.

We launched a Benchmarking report in May 2020 (available for download [here](#)) on the insights and learnings from the project that establishes a baseline of private sector approaches to ethical leadership and anti-corruption in South Africa.

Through the NBI's partnership with Corruption Watch and ODI we are conducting a follow up extended study to the 2016 Transparency Reporting on Anti-Corruption (TRAC) study. This study is planned to be launched towards the end of 2020. The project includes in-company pilots at three companies based on online surveys, interviews and focus group discussions that will provide case studies of current private sector initiatives.

The course content and curriculum is being developed and an academic partner is currently being identified to assist in the process. The curriculum will build on the insights from the benchmarking process, the GIBS Ethics Barometer, Corruption Watch's TRAC study and desktop research. A reference group of key experts will be convened to provide insight and guidance on the curriculum, and further partners are being identified to participate in the collaboration.

In December 2019, the NBI hosted a Thought Leadership Series event to provide insights into how the private sector is driving anti-corruption efforts and enabling ethical leadership, and to explore what more needs to be done to turn the tide against corruption.

The NBI also participates in the Governance and Civil Society working groups of the National Anti-Corruption Strategy (NACS) set up in terms of the NDP and the Jobs Summit. This engagement has been key in shaping the government-led approach to addressing corruption in the public and private sector.

We are in the process of establishing an anti-corruption advisory panel of leading private sector industry experts and academics to guide our in-company work.

Our priorities for the year ahead for Social Transformation

We will focus on issues of inequality and how corporates can address these, both internally and in relation to their stakeholders. The work on the gender pay gap and gender-based violence remains the entry point for this conversation. We will take forward the learnings from the gender pay gap work to further develop the online assessment platform and continue to provide guidance on addressing gender-based violence.

We aim to conclude the development of the anti-corruption curriculum and content, set up the online platform and continue to incorporate our learnings from the pilots into the programme. We also plan to reignite our initiatives to engage senior leadership in conversations around transformation and broaden the focus of our work to include issues of inequality beyond gender.

We will continue to engage with our members in the conversation around the role of business in society.

New cohorts will be rolled out in Gauteng and the Western Cape under the IRM programme and we will develop new training areas, such as the general repairer.

Our youth employability work will shift to a stronger focus on the township economy and supporting small enterprises to incorporate and upskill young people. Through this we hope to build a leadership corps of companies willing to test boundaries and share best practice.

2 TAMDEV PROGRAMME



Ruth Troskie
Head: TAMDEV & Building of State Capacity



Weak service delivery at local government level has resulted in the poor condition of public infrastructure, which has a direct impact on socioeconomic conditions in communities as well as on businesses. Improving service delivery improves the lives of those living in communities, supports the achievement of the SDGs and creates the conditions needed for economic growth and local job creation. Revitalising local government is particularly important to assist the country's recovery after COVID-19.

The Technical Assistance and Mentorship Development (TAMDEV) programme is a business-led initiative arising out of the Presidential Jobs Summit that aims to stimulate collaborative action between business and government to collectively identify and understand areas of shared risk and opportunity for both the private and public sector. It builds on tested, workable practices and the deployment of appropriate expertise and technical skills from the private and public sector to strengthen vulnerable public institutions and address service delivery constraints.

The overall goal of the programme is to strengthen the capacity of the State with the aim of improving service delivery and creating jobs. Progress is reported to the Presidency, through Business Unity SA (BUSA), on a monthly basis.

STRATEGIC FOCUS AREA



TAMDEV is supported by:

- The Department of Cooperative Governance and Traditional Affairs (COGTA)
- The Association for Savings and Investment South Africa (ASISA)
- The Development Bank of Southern Africa (DBSA)
- Business Unity South Africa (BUSA)
- Business Leadership South Africa (BLSA)
- The South African Institute of Chartered Accountants (SAICA)
- The Public-Private Growth Initiative (PPGI)
- The Council of Engineering South Africa (CESA)
- Business for South Africa (B4SA)
- Individual Corporates

The programme helps government and business to jointly identify and implement priority infrastructure projects within local municipalities. We mobilise resources seconded from government and business, and access skills in retired individuals, to support and mentor the civil servants delivering these projects through a focused skills transfer process, in the areas of project planning, implementation and management.

The programme is demand-led and needs-based, and works with all spheres of government and public entities to ensure that the fragmented and siloed approach to service delivery is addressed.

TAMDEV provides:

- Technical assistance by making skilled resources available to assist institutions to deliver on their mandates and effectively execute their core functions for an agreed period.
- Mentorship to enhance existing skills through guidance, technical support and leadership, with an emphasis on both hard and soft skills.
- Development of skills, informed by skills gaps identified in critical positions and developing these skills through formal training.

Our focus areas:

1

STRENGTHEN THE CAPACITY OF THE STATE THROUGH SKILLS ENHANCEMENT

2

PARTNER WITH MUNICIPALITIES TO SUPPORT WATER, ENERGY, REVENUE MANAGEMENT AND LOCAL ECONOMIC DEVELOPMENT PROJECTS

3

SUPPORT SOCIO-ECONOMIC DEVELOPMENT

4

PROMOTE AND ENHANCE PUBLIC-PRIVATE PARTNERSHIPS

PROGRAMME HIGHLIGHTS AND CHALLENGES

We signed a Memorandum of Understanding with the Department of Cooperative Governance and Traditional Affairs (COGTA) at national level establishing the NBI as the social partner for the implementation of the District Development Model.

We made good progress on identifying and implementing two pilot projects.

We designed and delivered 50 foot-operated hand wash units in Ekurhuleni and 32 in the Eastern Cape to combat the spread of the COVID-19 virus in high density areas.

We established a database of skilled mentors, but because we prefer to use local mentors in the areas where projects are implemented, some mentors were not able to participate upon volunteering.

While we were successful in securing short-term funding for the programme, we need to secure the financial sustainability of the initiative over the long term.

The length of the decision-making processes in both the private and public sector remains a challenge.

The regulatory framework, particularly the Public Finance Management Act and Municipal Finance Management Act, prevents government from co-funding the programme and projects.

PROGRESS IN 2020

TAMDEV PROGRAMME

KEY ACTIVITIES:

Eastern Cape pilot project with DBSA

Limpopo pilot project with Exxaro

Rollout of public handwashing facilities in Ekurhuleni, the Eastern Cape and Western Cape

The NBI was officially appointed as the project champion and implementor for the TAMDEV Programme in July 2019. The first phase of the programme focused on creating awareness and generating support from the private and public sector, demarcating the scope and focus areas, and positioning the programme.

At an early stage, the engagements highlighted the need to strengthen the capacity of local government in three main areas:

- Delivering infrastructure projects, particularly water and energy projects
- Revenue management
- Local economic development

In September 2019 we conducted workshops in Johannesburg and the Eastern Cape to raise awareness about the programme's mandate and its planned approach to improving service delivery.

In the second quarter of 2020, we signed a Memorandum of Understanding (MoU) with the Department of Cooperative Government and Traditional Affairs (COGTA) that establishes TAMDEV as the lead business social partner in the roll out of the District Development Model (DDM). The DDM is the government's new integrated planning model for cooperative governance that creates an integrated and district-based approach to fast-track service delivery and ensure that municipalities are adequately supported and resourced to carry out their mandate. The initial discussions with COGTA also provided an opportunity for business to provide input into the District Coordinated Development Model.

The MoU with COGTA creates the opportunity for the NBI to collaborate with all sector departments tasked with municipal interventions and to mobilise existing MoUs in place between business and local government that are currently inactive.

The first pilot was implemented in April 2020, bringing together BLSA and the Development Bank for South Africa (DBSA) to provide technical mentorship to the project management unit and four municipalities in the Eastern Cape, including Makana and Walter Sisulu. The project aims to build capacity to facilitate the planning and execution of catalytic infrastructure projects, with a particular focus on water and electrical infrastructure, revenue management and township development. We established a project management office in East London to oversee the initiative in the region and capacitate the COGTA representatives to manage the municipalities reporting to them effectively.

Our work in the COVID-19 Sanitation Rapid Response Team demonstrated the value of using retired experts in the design of effective and relevant solutions. The Department of Water and Sanitation (DWS) identified 2 000 communities without water services to facilitate handwashing to reduce the spread of infection. Aligning with the DWS and partnering closely with local municipalities and communities, B4SA and the NBI provided foot-operated public hand washing facilities in prioritised informal settlements, hostels and social housing, commencing in the City of Ekurhuleni, Gauteng. This initiative highlighted the impact that can be achieved when municipal officials, engineers, scientists, water experts, project managers and the private sector come together to develop innovative solutions. The project also demonstrates the benefits of working across programmes in the NBI, with TAMDEV and the NBI's water unit collaborating to ensure delivery.

We signed an agreement with Exxaro to roll out a capacity-building project that provides technical mentorship to the Waterberg District Municipality (in Limpopo) in their Finance and Infrastructure, and Engineering departments as well as selected local municipalities to strengthen the management of infrastructure projects and ensure timeous and effective delivery of services.

Other engagements include opportunities for support in programmes initiated by National Treasury, the Government Technical Advisory Centre (GTAC) and the DWS.

Public Handwashing Facilities for High-Density Areas

With the arrival of COVID-19, the NBI engaged a retired South African water engineer to design and develop foot-operated public handwashing facilities that could be rapidly deployed in high density areas. The units are robust, easy to instal and maintain, and include foot-controlled water and soap release. The durable design provides an optimum flow of water and has a limited surface area that prevents contamination to provide a safe hygiene solution during the COVID-19 pandemic and for decades to come. The unit's longevity makes it suitable for hygiene access at schools, clinics, taxi ranks, pension payout points, informal settlements and anywhere where safe public handwashing is needed.

Under the initial phase of work, 50 units were installed by the City of Ekurhuleni in key identified areas in 2020. Further sponsors have been secured to roll out hundreds of additional foot-operated water taps and public handwashing facilities in densely populated communities in the Western and Eastern Cape.



Our priorities for the year ahead for TAMDEV

We aim to demonstrate the effectiveness of the programme by successfully implementing the pilot projects, including the rollout of further handwashing installations in the Eastern and Western Cape provinces. Securing longer-term funding to support the sustainability of TAMDEV remains a priority.

We are leveraging the NBI's IRM, water and energy programmes to investigate additional projects, including a water project in the Vaal Triangle with the Gauteng Development Agency as well as Green Energy artisans and a potential water partnership in the Western Cape.

As the Presidential Infrastructure Initiative begins to implement its projects, the capacity available to TAMDEV, particularly its built environment professionals, will be ready to support individual projects.

3

ENVIRONMENTAL SUSTAINABILITY



Steve Nicholls
Head: Environmental Sustainability



The goal of the NBI's Environmental Sustainability unit is for companies to recognise that environmental concerns are critical to their business, help them to develop the capacity to respond to environmental trends and provide opportunities for them to participate in collective action to strategically reduce environmental risks. A major emphasis is on creating investable opportunities by removing barriers to projects and enhancing access to finance, while setting up the partnerships necessary to make innovative, complex projects happen.

Through our environmental projects, initiatives and relationships, the NBI has built considerable expertise in the most important aspects and business impacts of environmental issues and particularly climate change, energy and water. The unit's work and strategy are determined and communicated through the Advisory Committee for Environment and Society (ACES), which is open to all members and meets four times a year in Johannesburg and twice a year in Cape Town. These meetings provide an opportunity to engage with NBI members to keep them informed of the unit's activities, industry trends, best practices and government priorities, and for members to update the NBI on their strategic needs to inform the work of the unit. The May 2020 meeting was a virtual meeting that combined Johannesburg and Cape Town.

During the year we consolidated our Climate Change and Energy focus areas, recognising that these areas overlap significantly in our Just Transition work, which has become the flagship programme for the unit. Within this initiative, there is an increased emphasis on identifying investment opportunities through which business and other stakeholders can contribute to a Just Transition.

We reviewed and refined the unit's strategy to reflect this shift and to further enhance member support and improve communications. The unit's strategy was endorsed by ACES and aligns with the NBI's refined strategy by focusing our climate work on driving an economic transformation that achieves a competitive low and zero carbon global economy. It also addresses South Africa's significant water risk through a focus on key economic hubs and sectors to support water security. The unit's work with government aims to ensure a strong business view and skill set that supports government priorities. The strategy also encourages member companies to make progressive and public commitments, and to back these up with smart, structured, collective action programmes that will build trust and make real development gains.

COVID-19 affected the unit's ability to deliver events in March and early April 2020, and was evident in companies' reduced scope to engage as regularly as planned. However, from mid-April, events resumed online and attendance was strong due to the ease of remote access and the significantly increased interest and interaction around environmental and social issues. The pandemic has emphasised the importance of a green recovery post-COVID and we have done work on understanding how our programmes can support this. We were also able to spend time on establishing strong governance frameworks for partnerships and ramping up our efforts to expand our team and capability.

Much of the NBI's environmental work is done in partnership with We Mean Business (WMB), a global coalition catalysing business action and driving policy ambition to accelerate the zero-carbon transition. The WMB action framework, under the umbrella of net-zero carbon economies by 2050, collates the most effective corporate action campaigns around the world to enhance company ambition and implementation.

The NBI is the local partner of the coalition and has selected five of the We Mean Business focus areas where local impact can be maximised. The partnership enables the NBI to help members make sense of international trends and provide a developing market perspective to the international effort to mitigate the effects of climate change.



PROGRAMME HIGHLIGHTS AND CHALLENGES

There was a significant increase in interest in our Just Transition work that helped to secure funding for bigger projects as well as broadening our engagements with private sector and public sector stakeholders.

The success of the COVID-19 Sanitation Rapid Response demonstrated the NBI's ability to coordinate an effective and impactful response to emerging needs. The initiative strengthened our relationship with the City of Ekurhuleni and made a significant difference for thousands of people living in high-density areas.

Our work on finance made good progress, particularly the green investment and taxonomy work and our work with SANBI on adaptation pipelines.

After many years of development, we were excited to start signing agreements on our energy efficiency partnership with government.

Despite the intense work required due to the late change in host country, South Africa's pavilion and participation in the COP25 event were both very well received.

The 2019 Water Stewardship Conference was very successful and attended by over 200 water sector leaders and practitioners.

The Alliances for Climate Action was launched at Climate Week in New York and secured commitments from four Metros (Cape Town, Durban, Johannesburg and Tshwane). The initiative has launched in South Africa and city/business collaboration discussions have started.

The length of time needed to finalise contracts delayed the start of some long-term initiatives.

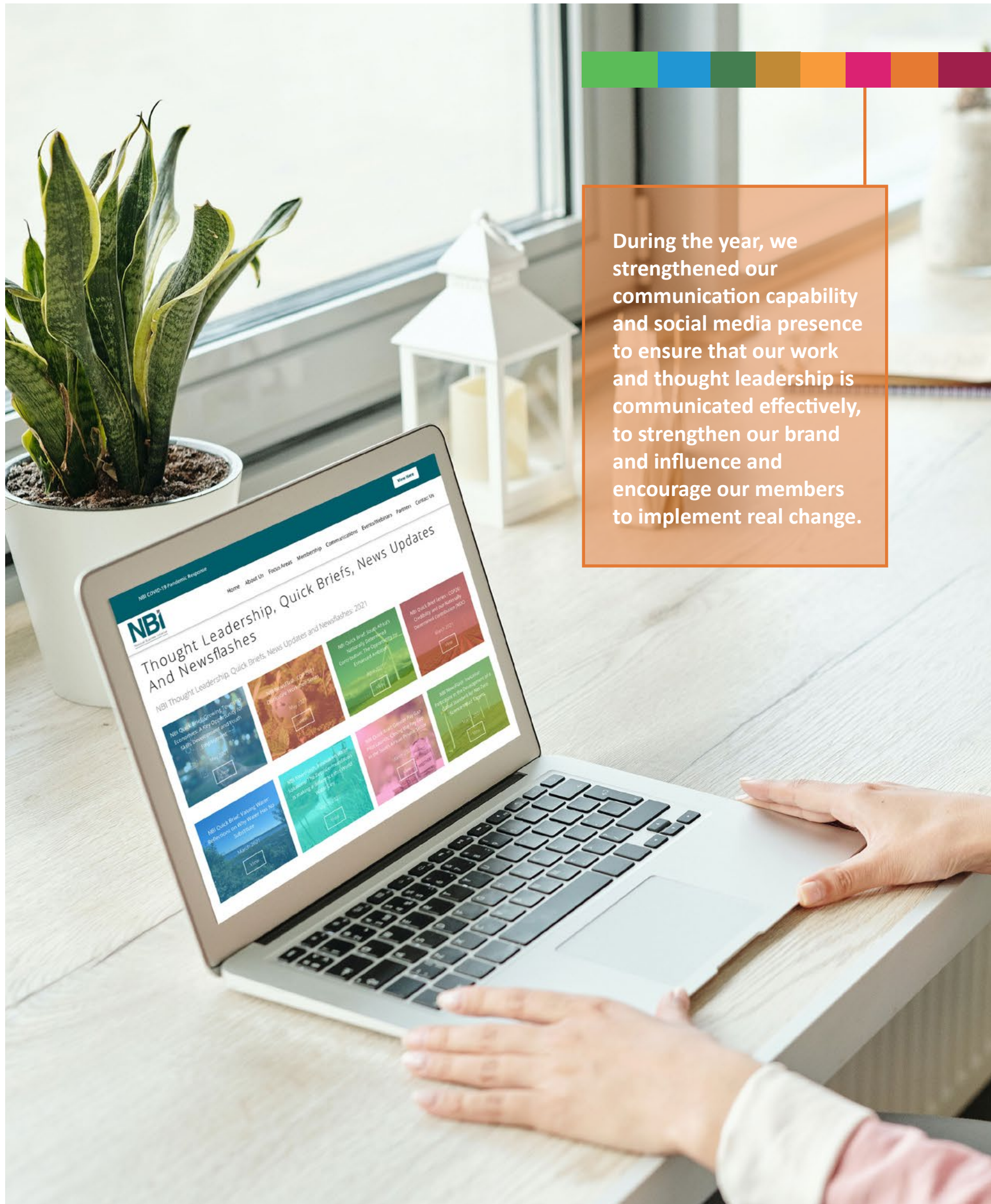
There were disruptions to presentations and engagements due to COVID-19.

Resignations in pivotal roles in the UWASP initiative led to some pressure until these positions were filled.

The 2019 CDP Climate Change and Water reporting and data analysis processes were delayed due to COVID-19.

GOAL: for companies to recognise that environmental concerns are critical to their business, help them to develop the capacity to respond to environmental trends and provide opportunities for them to participate in collective action to strategically reduce environmental risks.





During the year, we strengthened our communication capability and social media presence to ensure that our work and thought leadership is communicated effectively, to strengthen our brand and influence and encourage our members to implement real change.

Thought leadership, capacity building and stakeholder engagement

Events hosted by the NBI during the year included a pre-COP25 event, a finance of the energy transition event and a finance sector lunch under the Alliances for Climate Action. Member-only thought leadership events covered topics including COP26, adaptation finance, adaptation company actions, biodiversity-based adaptation, transition risk, future climate change opportunity and risk, the Biodiversity Protocol and feedback on Climate Week and Water Week.

In line with our strategy of enhancing member company value we provide direct membership support covering a range of issues from internal capacity building to policy support.

The NBI environment team participated in a number of public speaking opportunities and government consultations, including active participation in government consultation on:

- the National Adaptation Finance Advisory Board;
- the National Employment Vulnerability Index;
- the Sector Jobs Resilience Plans;
- the National Biodiversity Assessment Report;
- the Low Emissions Development Strategy (LEDS);
- the Adaptation Vulnerability Assessment Strategy;
- Gauteng Energy Security;
- the Mitigation Potential Analysis; and
- the National Water Security Framework.

Various members of the team had public speaking slots at the Green Building Council South Africa annual event, the Communication of Science Event hosted by the Department of Environment, Forestry and Fisheries (DEFF), the Impact Investment Conference hosted alongside the President's Investment Summit, a Department of Science and Innovation hosted event on the Circular Economy and the NBI's CEO was a keynote speaker at the WWF annual event on business and environment. We also provided Task Force for Climate-related Disclosures (TCFD) training with the Banking Association of South Africa (BASA).

While we did not produce the guides we had planned on the TCFD, Carbon Pricing and Science-based Targets (SBT), we continued to build the capacity of member companies to implement appropriate ambition levels through events, workshops and scenarios around TCFD, Just Transition, Science-Based Targets and the CDP workshops.

CLIMATE CHANGE AND ENERGY

STRATEGIC FOCUS AREAS



Climate change is a significant issue for South African companies. We are particularly vulnerable to impacts brought about by climate change, yet our emissions per unit of GDP are in the top 15 in the world and the country warms at roughly two degrees faster than the global average.

The goal of the Climate Change and Energy focus area is to increase climate ambition to support net carbon neutrality by 2050 and identify how South Africa's economic transition can best be managed. The NBI is driving or active in a number of initiatives promoting multi-stakeholder conversations to engage business, civil society and government that encourage increased levels of ambition and get critical stakeholders to consider solutions relevant to the South African context.

JUST TRANSITION PATHWAYS



The NBI's work on the economic transition to a low carbon economy through the Transition Risk/Just Transition work is the unit's flagship programme for 2020 and 2021 in partnership with BUSA and The Boston Consulting Group (BCG). The ultimate objective of this focus area is to build a long-term plan for a Just Transition that identifies the large-scale market and policy changes required.

Activities include convening stakeholders on South Africa's Just Transition through workshops, roundtable discussions and leadership engagements, undertaking research to inform and support Just Transition dialogues and developing a business position on a long-term strategy to influence the level of ambition of South Africa's Nationally Determined Contribution (NDC) under the Paris Agreement. This includes working in support of companies and National Treasury to assess the role of carbon pricing in transition.

We summarised our thinking into a concept note and shared with our members the work we have done on the magnitude of transition risk, the sectors where economies will automatically drive change and those that are particularly vulnerable, and proposed a way of thinking about where investments best enhance the country's competitiveness. We also undertook a survey of corporate attitudes and worked with WWF and Just Share on producing a draft Just Transition synthesis report that is being used to inform the work going forward.

A process to scale up the work was agreed with BCG and the NBI will convene company contributions to the review of the NDC and the Low Emission Development Strategy update in support of government. We are well placed for delivery and have scheduled a range of CEO and technical specialist meetings in support of this work.

Towards the end of the year, we worked with BCG to update the Transition Risk/Just Transition programme to align with the economic and stimulus options post COVID-19. The work was widely shared and presented to senior teams at the DEFF, the CEO of Eskom, the COP26 Climate Champions Team, the UK Government COP26 Team, several Multilateral Development Banks (including the IFC, World Bank, CIF, ERBD) and the BUSA Environment Committee. This has resulted in a wide awareness and strong support for the programme.

The Task Force on Climate-related Financial Disclosures (TCFD) was established to improve and increase reporting of climate-related financial information through the development of voluntary, consistent climate-related financial risk disclosures. The NBI provides capacity building and technical support through our partnerships with CDP and We Mean Business (WMB), and through our work on Transition Risk/Just Transition, which help member companies understand and implement the requirements of the TCFD.

Science-based targets (SBTs) create a scientific context to the size of the climate change challenge for individual companies that enables performance measurement. Our work in this area supports the Just Transition work by engaging with SBT initiative representatives to assess and improve the developed local target setting methodology.

INVESTMENT AND IMPLEMENTATION OPPORTUNITIES

The goal of our work in this area is to attract investment into critical large-scale opportunities that channel funding towards green investments to ensure that the South African economy is competitive in a net carbon neutral global economy (by 2050) and resilient to climate shocks.

Green Investment Taxonomy

We are working to facilitate a national dialogue and conducting research to develop a green finance taxonomy framework that will support the country's Just Transition. This supports our strategic goal of stimulating investment opportunities in green projects on both the supply and demand side. The project was accepted as the working arm of National Treasury's rollout of their recently released "Financing a Sustainable Economy" working paper and supports the financial services sector to develop and implement green finance products, while strengthening relationships with government.

CDP Climate Change

The NBI is the local partner to CDP, the global standard for measurement and reporting of company climate change and water information. CDP Climate Change assists companies in accessing finance through equity markets, which are increasingly aware of the need to adapt to the realities of climate change, by enhancing companies' climate risk awareness, improving disclosures and helping them to demonstrate leadership. This year's CDP reporting and data analysis work was delayed by the impact of COVID-19 and the lockdown. We are enhancing our analytical capability to be able to offer companies better analysis services.



Alliances for Climate Action

The Alliances for Climate Action (ACA) promotes practical implementation discussions for organisations to engage with each other and with major cities to implement collective action initiatives.

Working with WWF and C40, the ACA was launched at Climate Week New York in September 2019. The Durban, Johannesburg, Cape Town and Tshwane metros have joined the partnership and will work with companies on their plans. The NBI, C40 and WWF have created a Carbon Neutral by 2050 commitment and action platform that plugs companies into implementation efforts across partners.



Adaptation

The NBI is working with companies to identify initiatives that could be included in a pipeline of investable ecosystem and biodiversity-based adaptation projects that can be scaled up and funded to increase the resilience of the South African economy. We support companies with their adaptation planning and participate in government working groups related to adaptation such as the National Adaptation Strategy working group, the Ecosystems Services Based Adaptation Strategy working group and an advisory group on Climate Finance. We are engaging with the South African National Biodiversity Institute (SANBI) to develop adaptation projects that can access funding from the adaptation portion of the Green Climate Fund. The first phase of these initiatives – the capacity-building phase – was completed during the year. While the work was delayed by the lockdown, several adaptation finance and pipeline events were concluded, one of which was a virtual event. Videos of these events are available on our



[website](#)

Public and Private Sector Energy Efficiency Support Hub

We are a partner in a national scale energy efficiency partnership headed by the Department of Mineral Resources and Energy (DMRE) and including the Departments of Public Works and Environmental Affairs, Fisheries and Forestry, the GIZ and the Carbon Trust. The partnership will establish an energy efficiency hub with an attached financial facility that provides a central point for extending capacity building on energy to government. The hub will provide methodologies and guidelines for developing the business case for action, provide energy audits and offer financial and procurement support to municipalities. The NBI will lead the capacity building portion of the project.

Our work progressed well with the Carbon Trust to secure finance from the Green Climate Fund (GCF) to extend the energy efficiency programme and associated financial support to the private sector. A model is proposed that would provide a guarantee to a private sector bank allowing them to provide concessional debt products for energy efficiency alongside technical support.

COP SUPPORT

The NBI provides support for government and business at the annual United Nations Climate Change Conference. Despite the move of COP25 from Chile to Spain at short notice, the NBI successfully planned and hosted South Africa's COP25 pavilion and put on a range of exciting events at the conference, including partnerships with the World Bank, the B-Team and the International Energy Agency. The discussions on Transition Risk/Just Transition were especially popular and the launch event was attended by the Minister of Environment, Forestry and Fisheries, as well as several parliamentarians and MECs.

The partnerships and relationships built at the conferences are strategically important as we build towards COP26 in the UK when South Africa will have to deliver on the President's promises made at the UN Secretary Generals Summit on Climate Change (September 2019) to enhance our Nationally Determined Contribution and our Low Emissions Development Strategy. This project would not be possible without our funders – Sasol, Exxaro and DBSA – and we thank them for their support.



WATER

Water risk in South Africa is significant, both as a standalone risk and linked to climate risk. The projects in our water focus area raise awareness about the critical importance of water security for economic development such that water's role as a significant economic and financial issue for business and the country is clearly understood. The water programme also supports improved water governance at a national, catchment and local government level, and helps to facilitate investment in priority water projects that strengthen domestic water security.

STRATEGIC FOCUS AREA



OBJECTIVES:

1. Help corporates lead and implement best practice
2. Address priority catchment areas
3. Unlock investment through collective action projects

An important aspect of our projects is to build resilience and adaptive capacity to ensure that key economic hubs and sectors are water secure. Priority catchment areas have been chosen for their importance to the economy and their vulnerability to change. We are currently active in the Western Cape, Gauteng (Vaal system) and uMhlathuze (Richards Bay), each of which is an extremely water vulnerable area with significant contributions to our economy.

Our intended collective action pilot projects for public private partnerships (PPPs) around leakage, water infrastructure and wastewater treatment and reuse progressed slowly during the year, with our priority around collective action shifting to the COVID-19 emergency relief efforts. We are investigating new models for water delivery in South Africa, including through an innovative private sector participation (PSP) blended finance model.

The COVID-19 Sanitation Rapid Response Team



The NBI's water team, working under the B4SA banner with TAMDEV and with support from AECL, Astron Energy, the Netherlands Embassy and the Grundfos Foundation, led the NBI COVID-19 response to roll out affordable handwashing units in high-density areas at strong risk of infection. These units included 50 foot-operated public handwash facilities and 6 000 affordable in-home plastic bottle handwash units up to the end of June 2020. A further 5 000 handwash units were distributed after year end. The initiative was launched in Ekurhuleni in May and subsequently rolled out in Gauteng, the Western Cape and Eastern Cape. More information on this initiative is available on page 45. Assistance was also provided through the donation of sanitiser and face masks for municipal water and sanitation employees working in the field, and technical assistance was provided to identify promising groundwater sources for community water access in the Limpopo Province.

In 2020 the NBI water team commenced engaging with targeted municipalities to identify locations where retired experts can be mobilised to strengthen water service delivery capacity, under the NBI's TAMDEV programme.

Kopano ya Metsi⁶

We made good progress in our work that builds on the outcomes of the Kopano ya Metsi project to establish an enabling environment in financing physical water infrastructure. This work investigates alternative delivery models and ways to improve the sector's financial viability, as outlined in the National Water and Sanitation Master Plan, to address the current estimated R890 billion water infrastructure investment need over the next ten years. It sets the base for further discussions with finance institutions and local government on actively supporting project implementation in the sector and further positions the NBI as an important partner to National Treasury, the South African Local Government Association and the DWS.

The Kopano ya Metsi work was presented at a number of local and international conferences during the year. The next phase of the project will shift the emphasis to developing pilots to involve private sector investment in non-revenue water and wastewater treatment, creating jobs and integrating into the NBI IRM (plumbing skills) and TAMDEV programmes.

Ecological Infrastructure for Water Security (EI4WS)



EI4WS is a partnership that promotes the importance of upstream biodiversity and ecosystem services in improving the performance and sustainability of downstream built infrastructure, effectively harnessing the role of nature and ecosystems in ensuring South Africa's water security. It aims to foster an enabling environment for national water investment, company water action and the use of nature-based solutions at catchment and national levels.

The project is funded through the Global Environment Facility (GEF) and will run for five years to integrate biodiversity and ecosystem services into development and finance planning. This will be facilitated by creating policy and capacity incentives for mainstreaming biodiversity and ecosystem values into national, regional and local development policy and finance in the water sector.

Pilots in the Berg-Breede and the Greater uMngeni water catchments, which serve Cape Town and Durban respectively, are restoring ecological infrastructure and will test the application of these policies and financial mechanisms.

The partnership includes SANBI, the Development Bank of Southern Africa, the Water Research Commission and others, with the NBI bringing a private sector perspective to the project and identifying opportunities to involve business in participating in the demonstration programmes.

This work ramped up significantly with company interviews conducted at the start of the year, which, together with the results from a desktop study, informed the development of a draft synthesis document that outlines the most significant enablers for company engagement in nature-based solutions in South Africa. This is the first deliverable under the project and also identifies opportunities for the NBI going forward.



⁶'Meeting for water' in Sesotho

Water Stewardship

The NBI's water stewardship programme, run in partnership with the CEO Water Mandate, promotes skills sharing among member companies through capacity-building events and knowledge sharing about global best practice. This includes piloting work on contextual water targets and Sasol's progress in this regard was profiled by the CEO Water Mandate at World Water Week in August 2019, including the NBI's role in initiating and supporting the South Africa pilot. The 5th annual Water Stewardship Conference was held in October with the theme 'Strengthening the water value chain through partnership', co-hosted by the NBI, the Strategic Water Partners Network (SWPN), the GIZ's Natural Resources Stewardship Programme (NatuReS) and the Royal Danish Embassy.

Water Stewardship Partnerships:

uMhlatuze Water Stewardship Partnership (UWASP)

uMhlatuze Water Stewardship Partnership (UWASP) brings together eleven private and public sector partners from business, government and civil society to find collaborative solutions to the water challenges facing the uMhlatuze area in northern KwaZulu-Natal. The partnership is co-convened by the NBI, WWF and NatuReS, and creates a co-ordination hub for collective action on water security in the region. It has made considerable strides in supporting improved water conservation and water infrastructure management in the catchment. The strong relationships developed through the partnership have led to work extending beyond water.

At the end of 2019, the NBI launched the **Gauteng Water Alliance (GWA)** to address the challenges facing the Integrated Vaal River System, which supports 60% of the national economy including the Gauteng Province. Currently the Gauteng region needs to reduce its average water consumption by 3% annually even as the Province's population increases by 400 000 people per annum. The goal of the GWA is to drive action with industry and address water leakage in the system, with some important opportunities already developing. In 2020 much of the Alliance's work shifted to focus on community access to water and handwashing in Gauteng's informal settlements, given the COVID-19 pandemic.

The NBI participates in the **Western Cape Water Supply System Hydro-Economic Study Steering Committee**, which aims to improve the understanding of water risk mitigation investment opportunities in the province and strengthen the overall water resilience of the Western Cape.

CDP Water

The NBI is the South African partner to the CDP Water programme, which helps companies to enhance their water risk awareness and disclosure, improving their ability to access finance as equity markets become increasingly climate aware. CDP Water improves corporate transparency and company understanding of the most important water issues to help investor capital allocation to align with water risk and opportunity. The CDP Water work and analysis were delayed this year due to the disruption created by COVID-19.

Our priorities for the year ahead for Environmental Sustainability

The Transition Pathways/Transition Risk /Just Transition and the work planned to develop a 2050 climate pathway for the different business sectors is the flagship project for the unit. This includes work on both the finance and project sides of the equation to provide a coherent business view of transition pathways across sectors and feed into the government's processes in the runup to COP26 in November 2021. It also aims to provide the level of detail that will enable investable projects to be identified that can feed into a green stimulus, including working with the financial services sector on product innovation and pricing. The Energy work will continue to deliver on our energy efficiency outputs with municipalities, while at the same time undertaking thought leadership on the energy transition.

The Water focus area will remain focused on identifying investment opportunities in water while building the capability of local government to deliver services. The regional partnerships (UWASP, GWA and ongoing work in the Western Cape) address the water risks in key economic hubs that are also water scarce areas of the country. In the medium term, as part of B4SA, we will continue to provide handwashing solutions in areas where communities require them (in particular in Cape Town, where a further 5 000 handwashing units were rolled out after year-end in collaboration with the City of Cape Town and a host of partners). As part of creating investible opportunities, we will build the capacity of member companies and identify innovative water projects and investments, for example through implementing water PPPs and pilots.



4 The National Development Plan and Sustainable Development Goals Implementation

The work we have done on the UN Sustainable Development Goals (SDGs) and South Africa's National Development Plan (NDP) highlights the close alignment between the two initiatives and emphasises the relevance of the SDGs in the South African context. We have developed and tested an implementation methodology to support companies and sectors in integrating the SDGs into strategy and operations. Improving the broad awareness of the SDGs and their interactions, and helping companies to prioritise and align their core business strategies, can change corporate behaviour towards a more just, equitable and sustainable future for South Africa.

STRATEGIC FOCUS AREA:

Strengthen the capacity of South African companies to support the achievement of the NDP and SDG targets.

We provide the tools necessary to improve company understanding of the SDGs, work with sectors to prioritise SDGs and develop collective action projects. By enhancing the ability of representatives in these companies to communicate the SDG agenda internally, we support their ability to lead integration discussions and enhance the speed of implementation.

Our approach helps sectors and companies to unlock the opportunities that the SDGs represent by:

- fostering collaboration at national, sectoral and organisational levels, and between various stakeholders to create an enabling environment where all sectors of society thrive; and
- supporting companies and other organisations to enhance their competitiveness within economic contexts undergoing transition.

We have worked with the banking sector and are currently working with companies in the agro-processing sector to test this approach and prioritise a set of SDGs and associated targets that can form the basis of a sector-level collective action programme.

There is strong interest in our approach from individual companies and we have provided one-on-one support to a number of companies that report significant value in the process.

Our priorities for the year ahead for the SDGs

Going forward we are planning to institutionalise the SDG work across the NBI so that it can be included in all our content areas and to develop a guide and toolkit that will enable companies to implement the methodology developed.



RISK REPORT

The approach taken for the assessment of NBI's risks this year was a bottom-up process to review and refine our key areas of risk and identify associated mitigation actions. Risks were compiled from team workshops and rolled up through the leadership and management teams. Risks are reviewed at least twice a year and the corporate risk register is updated, allocating accountability for mitigation measures to the NBI team and building these measures into the NBI plan for the year.

RISK

MITIGATING ACTIONS

1 Funding Risks

Reduced membership funding due to the country's economic situation and company distress and/or due to the NBI's value proposition not seen as relevant. Reduced project funding due to the global economic situation and diversion of funds.

- Member roadshow to articulate the value and importance of NBI's work
- Engagement with Top 20 funders to raise the NBI's profile and secure funding
- Increase project funding and cost-in support functions
- Reduce costs and increase efficiencies where possible
- Continue to implement our communications strategy
- Diversify funding pool and sources
- Implementing the customer journey and providing direct support for members to enhance member value
- Member brochure to be produced
- Work with Board members to access the C-suite in companies
- Update our prospect list and develop a programme to access all potential new members

2 Business Model Risks

Reduced membership versus project funding reduces flexibility and our ability to take on and develop new work and programmes. Short-term and single-year funding limits recruitment of appropriate capacity and creates delivery pressures. Overdependence on project income risks funding rather than strategy driving programmes and projects.

- Implement business model and organisational design (OD) process
- The OD process is to consider agile and effective capacity and resourcing models, including a panel of pre-procured consulting support to mitigate against peaks in work effort
- Diligently implement project and proposal qualification process
- Increase efforts to retain and recruit member companies, including hiring full-time support for the membership team
- Ensuring cost reflective charge-out rates taking into account reasonable utilisation targets

3 Staffing Risks

Staff are at risk of stress, mental and emotional strain and of working inefficiently due to the impact of COVID-19 and remote working. Staff may become disengaged due to organisational inefficiencies and clarity. Staff could lack organisational cohesion and common purpose resulting in inefficiencies and inconsistencies. If succession planning is not adequately implemented, junior staff may become disengaged and stop learning. Projects could become overly reliant on specific individuals for delivery.

- Implement the NBI Wellness Strategy
- Managers to do regular one-on-one check-ins with team
- OD process to address efficiencies in organisational support structures
- Align recruitment processes to succession and transformation targets
- Implement OD processes to address issues of transformation and cohesion within the NBI
- Implement succession plans deliberately and include KPIs in performance contracts
- Ensure equitable performance assessment and recognition of top performers
- Ensure professional development plans are in place and are implemented

4 Project Implementation Risks

Delays between signing of agreements, funding approvals, staff recruitment and project implementation impact delivery. Availability of appropriate project staff and mentors compromise delivery. Inability to build a common working approach with project partners and owners puts strain on back-office systems and pricing models.

- Implement the OD process to design an organisation that is flexible and agile
- Pre-procure a range of consultants that can from time to time assist with peak workloads and allocate a budget for this purpose
- Adequate internal training of staff to enhance efficiencies
- Use an expert project manager to put common systems in place across teams
- Consider an organisational project manager with oversight over all programme timelines, deadlines, budgets and deliverables

RISK

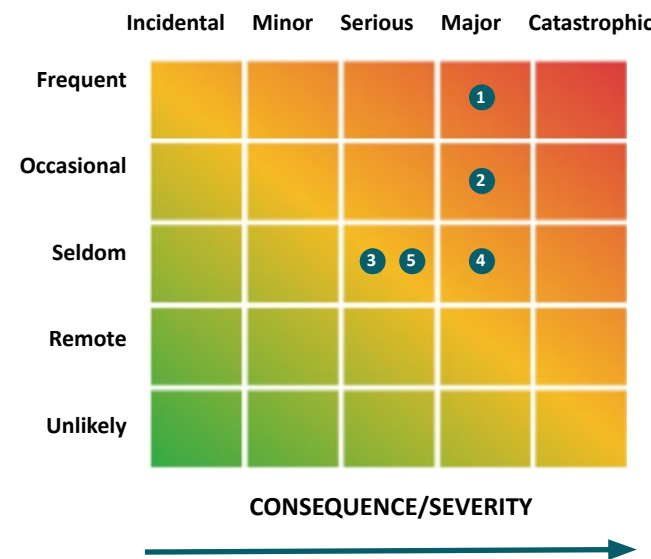
MITIGATING ACTIONS

5 NBI Profiling Risks

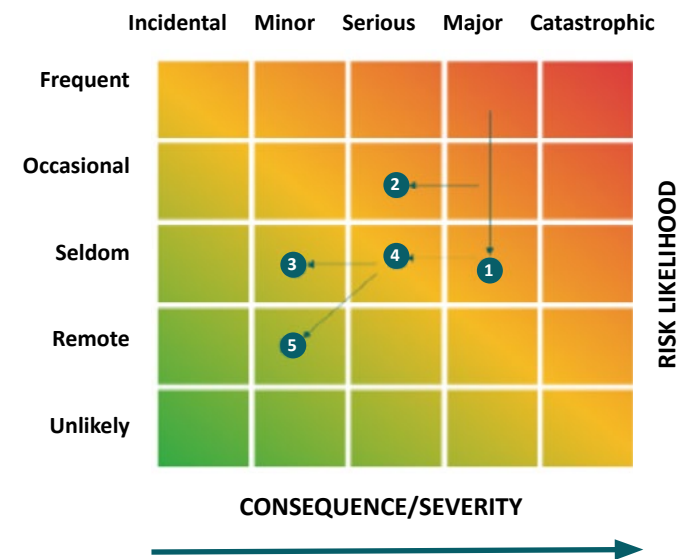
Inability to access member C-suites. Inability to clearly differentiate the NBI from other business organisations. Inability to distil the NBI's intellectual property into timely and accessible products for dissemination.

- Develop an engagement strategy that builds on current successes (i.e. Transformation CEO dialogue, Just Transition CEO Champions)
- Effectively activate Board members as NBI champions
- Increased focus on opinion-led communications
- Increased focus on networking as COVID-19 threat recedes
- Access high-level and international speakers for NBI events
- Develop a programme of publications/opinion pieces on an annual and quarterly basis and include in performance contracts
- Continue with the implementation of the NBI Communications Strategy

Inherent risk assessment matrix



Residual risk assessment matrix



GOVERNANCE



The NBI recognises that good governance is essential to support effective functioning and sustainability in any organisation, and is important to improve resilience, build institutional capacity and create trust. We are committed to the principles of good governance described in the King IV Report on Corporate Governance for South Africa 2016 (King IV™).

We believe that our governance framework and practices demonstrate this commitment. The NBI also provides support to members and the broader business community to help them to entrench good corporate governance practices in their own organisations.

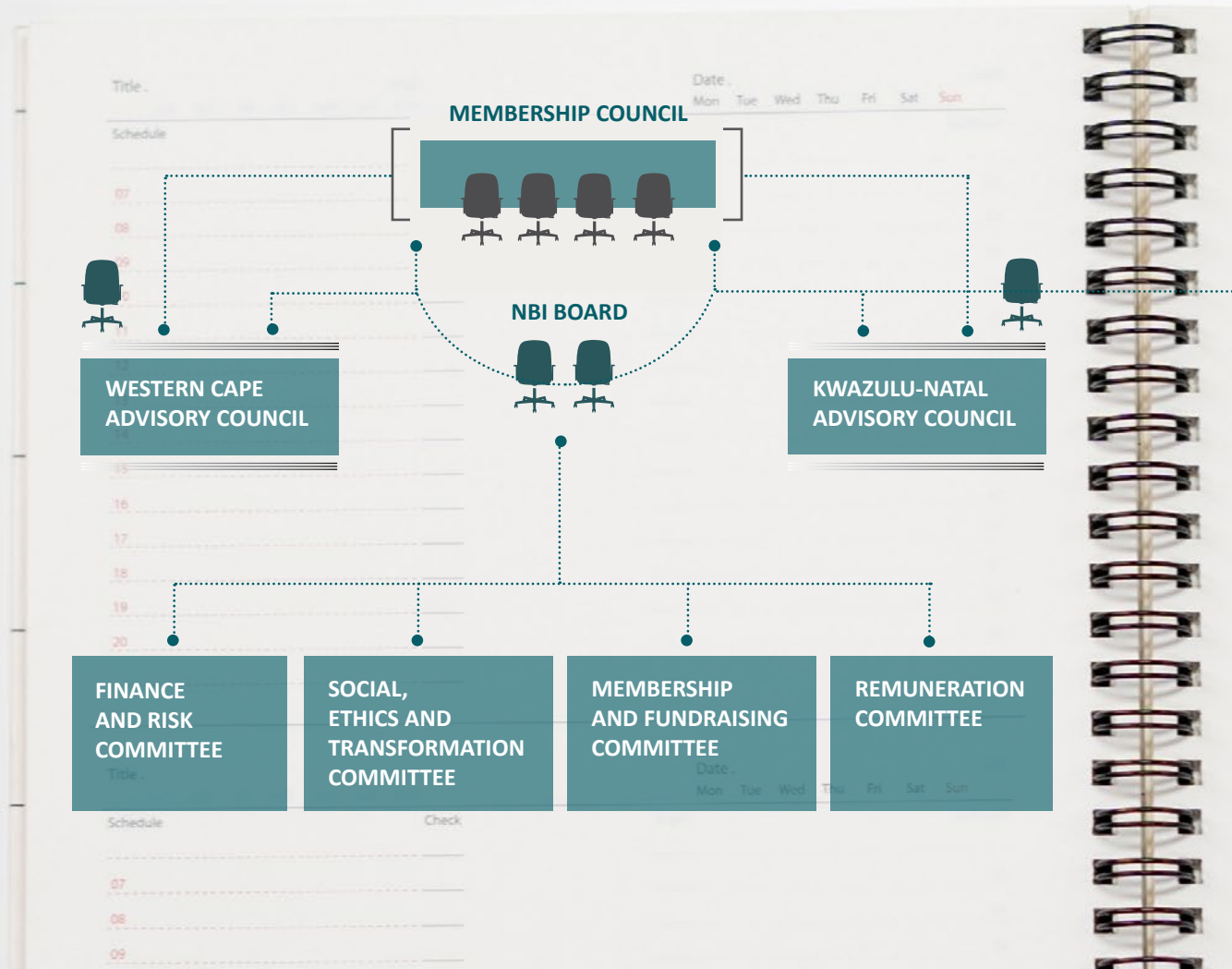
The NBI's governance structure aligns with the requirements of the Companies Act and King IV, and supports value creation for beneficiaries and members by ensuring that we remain member-led and effectively governed.

A member-led organisation

The Membership Council meets twice a year and appoints the NBI Board members, oversees the organisation and shapes the NBI strategy. All NBI members have a seat on the Membership Council.

The NBI Board and CEO report to the Council on critical issues and the strategic direction of the organisation.

Regional Membership Advisory Councils in the Western Cape and KwaZulu-Natal meet three times a year and provide input to the Membership Council and the NBI Board. Members also provide strategic input through the Advisory Committee on Environment and Society (ACES), which meets in Johannesburg and Cape Town to guide the NBI's environmental sustainability programme, and the Social Transformation Advisory Committee. With the move to virtual meetings, the ACES meetings have been consolidated into one meeting that includes all regions, adding further diversity to the group and creating greater value for participating companies.



The Board

The NBI Board is ultimately responsible for monitoring the execution of the organisation's strategy and for meeting all fiduciary requirements as defined by the Companies Act and King IV. It is accountable to the Membership Council. The CEO is accountable to the Board and Membership Council and is responsible for implementing the organisation's work.

The NBI's Memorandum of Incorporation (MOI) allows for 13 Directors appointed by the Membership Council, and the NBI CEO, who is the sole Executive Director.

The Chairs of the regional Advisory Councils attend Board meetings as ex officio members. In terms of the MOI, Directors can serve two three-year terms, with a third term permissible if approved by the Membership Council by special resolution. NBI Board members are volunteers and, apart from the CEO, receive no remuneration.

The NBI maintains a strong ethical culture by placing a high implicit value on ethical behaviour. A formalised Code of Conduct and an updated Anti-Corruption Policy are in place and the Anti-Corruption Policy has been signed by every staff member.

The Board meets four times a year and more frequently when required.

Board composition and attendance at 30 June 2020

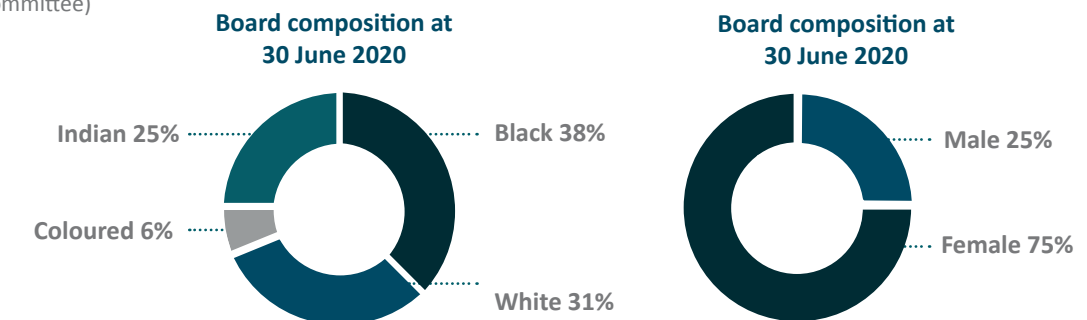
	Appointed	26/09/2019	26/11/2019	11/03/2020	30/06/2020
Anita Bosch	April 2019	P	P	P	P
Bheki Khumalo	April 2019	A	P	A	A
Bridgitte Backman*		P	A	P	P
Brigitte Burnett	March 2016	P	P	P	P
Candy Tothill	May 2017	A	A	A	P
Cas Coovadia (Chairperson)	March 2013	A	P	P	P
Cathie Lewis*		N/A	P	P	P
Cindy Mogotsi	April 2019	A	P	P	P
Fumani Mthembu	April 2019	A	A	P	A
Joanne Yawitch (NBI CEO)	March 2013	P	A	P	P
Kamal Harilal	April 2019	A	P	P	A
Khanyi Chaba	April 2019	P	P	P	P
Kirti Narsai †	April 2019	A	P	N/A	N/A
Mandy Rambharos	March 2016	A	A	P	P
Shireen Naidoo	May 2017	P	A	P	P
Zingisa Mavuso	April 2019	P	P	P	A
Zinhle Mariani	April 2019	P	P	P	P

* Ex officio (Chair of regional advisory committee)

† Resigned in January 2020

P - Present

A - Apologies received



During the year, the Board's primary areas of focus included:

- overseeing the NBI's response to COVID-19;
- reviewing delivery on the NBI strategy and programme development against the 2020 Scorecard;
- reviewing the project and funding pipeline, capacity constraints and cost management;
- reviewing the top risks facing the organisation and ensuring mitigating actions are in place;
- reviewing and approving the 2019 financial statements;
- reviewing and approving the 2019 NBI Integrated Annual Report and Supplement;
- reviewing reports of Board Sub-Committee and Membership Council meeting deliberations;
- reviewing and approving new and updated policies as recommended by the relevant Board Sub-Committees;

- reviewing feedback regarding the audit from the new auditors;
- reviewing and, where necessary, updating the Board Terms of Reference, the NBI's Memorandum of Incorporation and the Delegation of Authority;
- reviewing and providing input into the 2021 strategy;
- reviewing and approving the proposed 2021 scorecard; and
- reviewing and approving the budget for 2021.

In addition, each Board meeting includes a deep dive into the one of the NBI's programmes to allow the Board to provide input and strategic guidance, and to increase their knowledge of the programme areas.

Finance and Risk Committee

The Finance and Risk Committee performs the duties assigned to Audit and Risk Committees in the Companies Act as well as the other duties mandated by the Board. These include:

- ensuring that the NBI operates as a going concern and that sound financial management processes and controls are in place;
- overseeing cash flow against budget, progress against audits and statutory requirements;
- reviewing the risk register.
- resourcing and capacity of the finance function;
- VAT matters; and
- financial planning against current and future projects.

The Committee comprises two Board members, three member company representatives and one independent member. As the Committee includes members who are not directors of the NBI, it does not meet the requirements to be an Audit Committee and the name was consequently changed from the Audit and Risk Committee to the Finance and Risk Committee during the year. The Terms of Reference of the Committee were updated and approved by the Board in November 2019.

	04/09/2019	30/10/2019	26/02/2020	27/05/2020	24/06/2020
HJ Swanepoel	P	A	A	P	P
Jannette Horn	P	A	A	P	P
Kamal Harilal (Chairperson)	P	P	P	P	P
Sazini Mojapelo	A	P	A	P	P
Shillyboy Mothiba	P	P	P	P	A
Zinhle Mariani	P	A	P	A	P

P - Present
A- Apologies

More information regarding the composition, duties and focus areas of the Finance and Risk Committee is available in the Finance and Risk Committee Report on page 62 [f](#).

Social, Ethics and Transformation Committee

The Social, Ethics and Transformation Committee oversees statutory requirements, issues relating to human resources, the overall health of the NBI, stakeholder engagement and compliance with and promotion of the Principles of the UNGC. The Committee comprises three Board members, two member company representatives and one independent member.

	03/10/2019	10/06/2020
Bridgitte Backman	A	P
Cindy Mogotsi (Chairperson)	P	P
Mandy Rambharos	A	P
Masechana Tekana	P	P
Xolani Magojo	A	P
Zinhle Mariani	P	P

P - Present
A- Apologies received

Focus areas and discussion points during the year included:

- reviewing and approving the COVID-19 Return to Work Policy and Standard Operating Procedures;
- reviewing the internal skills development and training plan;
- reviewing progress in the transformation programme, including the addition of a youth leaders programme;
- reviewing and providing input into the Succession Plan and Policy;
- discussing and assessing the overall health of the organisation;
- reviewing the impact of the values process conducted during the year; and
- participating in the review and update of various NBI policies including the Anti-Corruption, Professional Development, Sexual Harassment and Procurement Policies.

Membership and Fundraising Committee

The Membership and Fundraising Committee is responsible for overall funding and membership issues, particularly membership retention and growth, financial sustainability and the NBI Foundation USA Inc. The Committee comprises two Board members, two independent members and two member company representatives.

	31/07/2019	29/10/2019	02/06/2020
Cas Coovadia (Chairperson)	P	P	P
Douglas Ramaphosa	P	A	P
Fumani Mthombi	P	P	P
Noluvo Ngcwabe	P	P	A
Robyn de Villiers	P	A	P
Shillyboy Mothiba	P	P	P

P - Present
A- Apologies received

Remuneration Committee

The Remuneration Committee governs and oversees the NBI policies and practices for recognition and reward. The Committee is also responsible for the evaluation of the performance of the CEO. The Committee comprises three Board members.

	18/05/2020
Bheki Khumalo	P
Cas Coovadia (Chairperson)	P
Shireen Naidoo	P

P - Present
A- Apologies received

Focus areas and discussion points during the report period included:

- consideration of increases and awards based on performance;
- the financial position of the organisation; and
- developing the Succession Plan and Policy.



Good governance is essential to support effective functioning and sustainability, improves resilience, builds institutional capacity and creates trust. The NBI's governance structure supports value creation for beneficiaries and members by ensuring that we remain member-led and effectively governed.

Finance and Risk Committee Report



The Finance and Risk Committee performs the duties assigned to Audit and Risk Committees in terms of section 94(7) of the Companies Act 71 of 2008 (as amended) (the Act) as well as the other duties mandated by the Board. The Committee comprises two Board members, three member company representatives and one independent member. As the Committee includes members who are not directors of the NBI, it does not meet the requirements to be an Audit Committee and the name was consequently changed from the Audit and Risk Committee to the Finance and Risk Committee during the year. All members of the Committee are suitably skilled and experienced. The Chairman of the Board is not eligible to be the Chairman or a member of the Finance and Risk Committee.

The Terms of Reference of the Committee were updated and approved by the Board in November 2019.

NAMES AND QUALIFICATIONS OF COMMITTEE MEMBERS

KAMAL HARILAL (CHAIR) Degree in Electronic Engineering and has completed the Chartered Financial Analyst programme	HJ SWANEPOEL Diploma in Auditing, B.Compt (Hons) (Accountancy) and B Com (Accountancy)
JANNETTE HORN BSc (Hons) Environmental Management Science, Postgraduate Diploma in Integrated Reporting	NGWANAMAGO SHILLYBOY MOTHIBA Bachelor of Commerce and Higher Diploma in Accounting, (Financial Accounting, Auditing, Finance, Taxation)
SAZINI MOJAPELO Master's Degree in Development Studies and double Major Degree in Sociology and Industrial Psychology	ZINHLE MARIANI B.Proc, LLB, Postgraduate Higher Diploma in Labour Law and Management Development Programme (Women in Insurance)

Terms of Reference

The Committee's formal terms of reference are set out in the Finance and Risk Committee Charter which has been approved by the Board and sets out the role of the Committee. These terms of reference are reviewed every three years in line with the Board cycle and /or as and when there is a need due to legislative, regulatory or other changes. The last review was on the 30th of October 2019 and approved by the NBI Board in November 2019. During the past year, the Committee has executed its duties in accordance with these terms of reference.

Meetings

Five meetings were held during the year and details regarding meeting attendance are available on page 60 [📄](#)

Duties specified in the Companies Act

The following duties were executed by the Committee during the year:

- nominated and re-appointed SNG Grant Thornton as external auditors for the organisation, and Jeanine Nellmapius-Clarke, Partner, as the individual auditor, after confirmation of their independence;
- approved the external auditor fees and terms of engagement;
- reviewed and approved any non-audit services provided by SNG Grant Thornton;
- held meetings with SNG Grant Thornton after the Finance and Risk Committee meetings, without the executive management present, and no matters of concern were raised;
- confirmed that no reportable irregularities were noted by SNG Grant Thornton;
- reviewed the integrated annual report before recommending it to the Board for approval; and
- reviewed the annual financial statements as well as the interim report during the year with the external auditors present before recommending them to the Board for approval.

Other areas of focus during the year included:

- reviewed the issues reported on during the 2019 audit and mitigating actions and or corrections taken during the course of the audit;
- reviewed the management letter provided by the external auditors and actions taken in response;

- ongoing review of the organisation's financial performance against budget;
- reviewed and gave input on 2021 budgets;
- reviewed the updated risk register;
- reviewed membership and business development initiatives, including members at risk;
- reviewed and provided input to the draft Policy for the Use of the NBI's Reserve Funds, NBI Financial Management Policies and Procedures, and the updated Delegation of Authority;
- changed the name of the Committee from the Audit and Risk Committee to the Finance and Risk Committee, and reviewed the amended NBI Memorandum of Incorporation to give effect to this change;
- investigated options around a working capital facility for the NBI;
- assessed options for the future of the NBI Foundation USA; and
- reviewed and updated the Committee's terms of reference.

Risk Management

The Board has delegated oversight of the risk management function to the Finance and Risk Committee, while management is responsible for managing the applicable risks. The Committee is satisfied that the process and procedures followed in terms of identifying, managing and reporting on risk are adequate and that the following areas were appropriately addressed during the year:

- financial reporting risks;
- internal financial controls;
- fraud risk relating to financial reporting; and
- IT risk as it relates to financial reporting.

The Committee's mandate and risk management policy and plan are in place.

Internal Financial Controls

The Committee reviewed the internal and external audit scope, plans and the resultant findings to determine the effectiveness of management systems and internal controls during the year. Assurance was received from management, internal and external audit and, based on this combined assurance, the Committee is satisfied that the internal controls of the group are adequate and that there was no material breakdown in internal controls.

Regulatory Compliance

Compliance forms an integral part of the organisation's risk management process. The NBI complied with all relevant laws and regulations and considers adherence to non-binding rules, codes and standards.

Internal Audit

The Committee is of the view that the size of the NBI does not, at this point, warrant a separate internal audit function. Internal controls should therefore be monitored by management and the external auditors can express an opinion on whether these controls are adequate and effective as part of the financial audit.

External Audit

The Committee has no concerns regarding the external auditor's independence and SNG Grant Thornton South Africa was recommended to the Board to be re-appointed for 2020.

Financial Manager Review

The Committee has reviewed the performance, experience, resources and expertise of the financial function, headed by Mr Neil Kohler, and confirms the suitability of the financial function to fulfil its role.

Integrated Annual Report

The Committee has evaluated the annual financial statements of the NBI for the year ended 30 June 2020 and based on the information provided to it, considers that the organisation complies in all material respects with the requirements of the Companies Act and International Financial Reporting Standards. The Committee has reviewed the integrated annual report and it recommends the report to the Board for approval.

Kamal Harilal
Chairman
On behalf of the Board Finance and Risk Committee

Independent Auditor's Report



Opinion

We have audited the annual financial statements of National Business Initiative for Growth Development and Democracy which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Business Initiative for Growth Development and Democracy as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Sized Entities and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa [N6]. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "National Business Initiative for Growth Development and Democracy (Non Profit Company) (Registration Number 1995/003141/08) Financial Statements for the year ended 30 June 2020", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

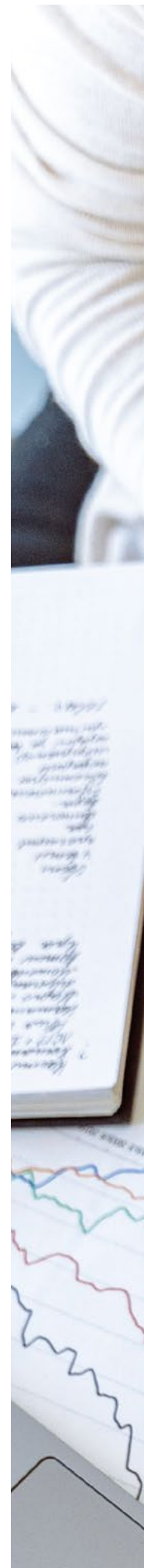
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium Sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Jeanine Nellmapius-Clarke
Director
Registered Auditor
SizweNtsalubaGobodo Grant Thornton Inc

4 December 2020

Summit Place Office Park, Building 4
221 Garstfontein Road
Menlyn, Pretoria
Gauteng

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

FIGURES IN RANDS	2020	2019
ASSETS		
Non-Current Assets		
Property, plant and equipment	1 013 322	1 142 590
Intangible assets	11 463	7 061
	1 024 785	1 149 651
Current Assets		
Trade and other receivables	6 324 586	9 562 025
Cash and cash equivalents	21 146 729	9 600 015
	27 471 315	19 162 040
Total Assets	28 496 100	20 311 691
EQUITY AND LIABILITIES		
Equity		
Accumulated surplus	14 260 624	12 042 531
Liabilities		
Non-Current Liabilities		
Project funds administered	0	0
Current Liabilities		
Operating lease liability	265 152	215 915
Trade and other payables	11 014 615	1 857 838
Project funds administered	2 955 709	6 195 407
Bank overdraft	0	0
	14 235 476	8 269 160
Total Liabilities	14 235 476	8 269 160
Total Equities and Liabilities	28 496 100	20 311 691

STATEMENT OF SURPLUS AND DEFICIT

FIGURES IN RANDS	2020	2019
Revenue	25 611 060	22 560 164
Other income	1 360 167	81 029
Operating costs	(25 436 862)	(22 528 139)
Operating surplus (deficit)	1 534 365	113 054
Investment revenue	687 633	599 166
Finance costs	(3 906)	(20 104)
Operating surplus (deficit)	2 218 092	692 116
Other comprehensive income	0	0
Total comprehensive income (loss) for the year	2 218 092	692 116

STATEMENT OF CHANGES IN EQUITY

FIGURES IN RANDS	General Development Fund
Balance at 01 July 2018	11 350 416
Surplus for the year	692 116
Balance at 30 June 2019	12 042 532
Surplus for the year	2 218 092
Balance at 30 June 2020	14 260 624

FINANCIAL STATEMENTS



STATEMENT OF CASHFLOWS

FIGURES IN RANDS	2020	2019
Cash generated from operating activities		
Cash generated from operations	6 363 563	(4 910 610)
Interest income	687 633	599 166
Finance costs	(3 906)	(20 104)
Net cash from operating activities	7 047 290	(4 331 548)
Cash flow from investing activities		
Purchase of property, plant and equipment	(276 131)	(120 163)
Sale of property, plant and equipment	0	13 589
Purchase of other intangible assets	(43 652)	(32 318)
Sale of other intangible assets	0	0
Net cash from investing activities	(319 783)	(138 892)
Cash flow from financing activities		
Project funding received	30 743 436	17 521 027
Project disbursements paid	(11 169 034)	(8 558 360)
Project recoveries withdrawn	(12 150 915)	(7 780 308)
Change in project receivables	(2 604 278)	3 299 958
Movement in project funds administered	4 819 209	4 482 317
Total cash movement for the year	11 546 716	11 877
Cash at the beginning of the year	9 600 013	9 588 138
Total cash at end of the year	21 146 729	9 600 015

ACA	Alliances for Climate Action	LGBTI+	Lesbian, Gay, Bisexual, Transgender, Intersex, + (meaning 'not limited to')
ACES	Advisory Committee on Environment and Society	LGBTIAP+	Lesbian, Gay, Bisexual, Transgender, Intersex, Asexual, Pansexual, + (meaning 'not limited to')
ASISA	Association for Savings and Investment South Africa	NACS	National Anti-Corruption Strategy
B4SA	Business for South Africa	NatuReS	Natural Resources Stewardship Programme
BASA	Banking Association of South Africa	NBI	National Business Initiative for Growth, Development and Democracy
B-BBEE	Broad-Based Black Economic Empowerment	NDC	Nationally Determined Contribution (under the Paris Agreement)
BBC	Black Business Council	NDP	National Development Plan
BCG	Boston Consulting Group	NEDLAC	National Economic Development and Labour Council
BLSA	Business Leadership South Africa	MOI	Memorandum of Incorporation
BRICS	Brazil, Russia, India, China, South Africa	OD	Organisational Design
BUSA	Business Unity South Africa	PMO	Project Management Office
CEO	Chief Executive Officer	PPPs	Public-private Partnerships
CIF	Climate Investment Funds	PSP	Private Sector Participation
COGT	Department of Cooperative Governance and Traditional Affairs	PV	Photovoltaic
COP	Conference of the Parties	SANBI	South African National Biodiversity Institute
DBSA	Development Bank of South Africa	SBT	Science-based Target
DDM	District Development Model	SDGs	Sustainable Development Goals
DEFF	Department of Environment, Forestry and Fisheries	SECO	Swiss State Secretariat for Economic Affairs
DHET	Department of Higher Education and Training	SED	Socio-economic Development
DI	Confederation of Danish Industry	SEDA	Small Enterprise Development Agency
DMRE	Department of Mineral Resources and Energy	SME	Small and Medium Enterprises
DWS	Department of Water and Sanitation	SSHAP	Swiss South African Hospitality Apprenticeship Programme
EI4WS	Ecological Infrastructure for Water Security	SWPN	Strategic Water Partners Network
ERBD	European Bank for Reconstruction and Development	TAMDEV	Technical Assistance Mentorship and Development
GBV	Gender-based Violence	TCFD	Task Force on Climate-Related Financial Disclosures
GDP	Gross Domestic Product	TRAC	Transparency Reporting on Anti-Corruption
GEF	Global Environment Facility	TVET	Technical and Vocational Education and Training
GIBS	Gordon Institute of Business	UN	United Nations
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit	UNGC	United Nations Global Compact
GTAC	Government Technical Advisory Centre	UWASP	uMhlathuze Water Stewardship Partnership
GWA	Gauteng Water Alliance	VAT	Value-added Tax
HR	Human Resources	WBCSD	World Business Council for Sustainable Development
IFC	International Finance Corporation	WMB	We Mean Business
IIRC	International Integrated Reporting Council	WWF	World Wide Fund for Nature
IRM	Installation, repair and maintenance	YES	Youth Employment Service Programme
IT	Information Technology		
JSE	Johannesburg Stock Exchange		

CONTACT DETAILS

Enquiries regarding this report can be directed to:



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