Status Report

ACTis | Anti-Corruption Tracker Information System

ACTis provides risk analysis and early intervention recommendations against state capture and corruption in South African government institutions

PUBLIC ENTITY

ACT | ACCOUNTABILITY TRACKER

ISS | INSTITUTE FOR SECURITY STUDIES

KwaZulu-Natal Growth Fund Agency

Date issued: **26 August 2026**

About the Institution

The KwaZulu-Natal (KZN) Growth Fund Agency (the Agency) is mandated to provide debt and equity financing for private sector projects that promote economic growth, job creation and Broad-Based Black Economic Empowerment (B-BBEE) in the province. In May 2025, the Agency transitioned from a trust to an agency operating as a provincial government business enterprise.[1] It reports to the Member of the Executive Council (MEC) for the KZN Department of Economic Development, Tourism and Environmental Affairs (EDTEA). The Board serves as its accounting authority. In 2024/25, the Agency's expenditure was R161m, with project funding of R1.32bn.[2]

Flag Status

1	2	3	4	5	6	7	8	9
								
Improper appointments	Co-opting key functions	Climate of fear or favour	Corrupt awards	Financial malpractice	Obstructing accountability	Manipulating perceptions	Private gain	Shadow network

ISS Analysis

- ACTis has raised two flags for the KZN Growth Fund Agency and placed two under monitoring.
- The Agency's discretionary lending decisions, as part of financing private-sector projects that promote B-BBEE, are vulnerable to corruption, politicisation and abuse if governance controls and oversight structures are weak. Its failure to appoint a permanent Chief Executive Officer (CEO) for many years raises concerns about informal control over decision-making, especially for large project funds.
- The Agency has a history of reckless funding practices, some of which have been flagged for irregularities. Allegations that senior officials regularly solicited bribes from funded companies, along with investigations identifying conflicts of interest and failures in due diligence and project oversight, highlight the Agency's vulnerability to corruption.
- The Agency's significant financial losses should have prompted accountability authorities to investigate, but little public evidence of this exists. Instead, few problems have been publicly acknowledged,

 Flag raised

 Flag lowered

 Under monitoring

and external factors have been blamed. Weak accountability will allow poor project funding performance to continue.

- The Agency achieved 0% of its targets in 2024/25, with only one project approved and 14% of the total loan portfolio performing.[3] This will reduce the funding available to support new projects.

Findings

Flag #1
Improper Appointments

The flag is raised due to the lack of a permanent executive head for many years.

- The Agency has not had a permanent CEO since 2020. Former acting CEO Kaya Ngqaka held the position for over three years until his departure in early 2024, and Tshidi Boitumelo Ikaneng acted as CEO from April 2024 until June 2026.[4] Chief Financial Officer (CFO) Lana Meyer was appointed acting CEO in July 2026.[5]

Flag #4
Corrupt Awards

The flag is being monitored to determine whether irregular project funding decisions are connected.

- Allegations of bribery and irregular funding practices emerged in 2023 after dairy firm Goodlife sued the Agency for failing to provide promised funding. The Agency reportedly approved R72m in funding for Goodlife in August 2020 but only paid them R46m.[6] The company's director, Busi Gumede, alleged that the Agency withheld the funds after she refused to meet Board member Khaya Thango, whom she believed was soliciting bribes. The Agency released a statement distancing itself from Thango's actions, and his tenure on the Board ended in May 2022.[7] There have been no updates from Goodlife's legal case against the Agency since mid-2023.
- A 2021 forensic investigation conducted by HTB Consulting, commissioned in 2019 by the MEC for EDTEA at the time, Nomusa Dube-Ncube, reportedly found that the Agency lost over R500m from investing in projects that eventually collapsed. [8]
    - The investigation found that Africa Bespoke Apparel (ABA) directors misappropriated R15m of the R40m loaned to the company in December 2017 to expand its clothing business. ABA directors spent the money on gambling, luxury vehicles and overseas travel. The funding was intended to purchase operational equipment. The Agency reportedly applied for ABA's liquidation.[9]

Flag raised Flag lowered Under monitoring

- The investigation also reportedly found significant irregularities in the Agency's R230m investment in INSA, a cookware manufacturing company, between 2017 and 2018. This included paying R130m for a manufacturing plant reportedly worth about R18m. The project subsequently collapsed, the Agency lost its R230m investment, and the company went into liquidation in 2020.[10]
- The investigation reported that the Agency had provided R12m to Sheepcore, a sheep farming project, by 2019. Aubrey Shabane, the Agency's then CEO, was a director of Sheepcore, a signatory on its bank account, and a member of the project's steering committee. The Agency's former CFO, Lwazi Zondi, reportedly flagged the project as irregular, but no action was taken. The project reportedly failed to produce any sheep, and large amounts of the funding were spent on high consultancy fees. Shabane left the Agency in late 2020.[11] The 2024/25 Annual Report states that Shabane remains a Sheepcore director and that the Agency is still 'managing the project and usage of funds on behalf of EDTEA'.[12]
- The investigation reportedly found that the Agency failed to conduct due diligence before investing R72m into a condom manufacturing plant operated by HBM-SA Health Protection. The Agency reportedly believed that the company had secured an offtake agreement with the Department of Health, which was not the case.[13] The company failed to service the loan for over four years and went into liquidation in 2022.[14]
- The investigation reportedly identified governance concerns about senior executives of the Agency serving on the boards of companies that received financing from the Agency. For example, one of the Agency's investment officers served on the board of Kwadukuza Private Hospital and Busamed, both of which received money from the Agency.[15]

Flag #5
Financial Malpractice

The flag is raised because weaknesses in financial management have contributed to significant financial losses.

- The Agency's 2024/25 Annual Report shows that 86% of loans and advances are non-performing, totalling approximately R305m. This fell from 100% of loans and advances in 2023/24, reportedly due to a settlement reached on one project.[16] According to the report, non-performing exposures related to seven projects. The Agency recorded impairment allowances of roughly R139m in 2024/25, equivalent to 62% of gross loans and advances, compared to R157m in 2023/24 and R349m in 2022/23.[17]



- The 2021 forensic investigation reportedly found that the Agency lost approximately R500m investing in unsustainable projects between 2017 and 2019.[18]

Flag #6

Obstructing Accountability



The flag is being monitored to determine whether oversight structures are adequately responding to significant governance concerns.

- The previous two Boards, led by chairpersons Cassius Lubisi (2023 to 2026) and Silas Hlophe (2018 to 2023) and the recent KZN MECs for EDTEA, including Musa Zondi (June 2024 to present), Siboniso Duma (August 2022 to June 2024) and Ravi Pillay (November 2020 to August 2022), do not appear to have held the Agency and its senior executives to account for the significant losses, reports of corrupt loan practices and high rates of non-performing loans. A new Board was appointed in February 2026.[19]
- The Provincial Legislature's Economic Development and Tourism Committee does not appear to have held the MEC, Board or executives to account for the Agency's continued significant losses and reports of irregular loans.

Recommended Actions

	DUTY BEARER	ACTION(S)	ASSOCIATED FLAGS
1.	KwaZulu-Natal Growth Fund Agency Board	• Review the Agency's lending policy to reduce the number of non-performing loans and investments in unsustainable projects. • Review and tighten financial controls on loan award decisions. • Institute an independent audit of non-performing loans to check for conflicts of interest or irregular award decisions. • Prioritise filling senior executive positions with permanent candidates, especially the CEO.	Flag #4: Corrupt Awards Flag #5: Financial Malpractice Flag #1: Improper Appointments
2.	Auditor-General of South Africa	• Conduct a special audit of funded projects to assess viability and/or potential conflicts of interest.	Flag #5: Financial Malpractice Flag #4: Corrupt Awards
3.	KwaZulu-Natal Economic Development and Tourism Portfolio Committee	• Call for greater transparency and accountability in the Agency's loan practices. • Challenge the Agency's leadership on its poor project funding performance.	Flag #5: Financial Malpractice Flag #1: Improper Appointments
4.	Standing Committee on Public Accounts	• Summon the Agency's leadership to account for its poor performance and losses on funded projects.	Flag #5: Financial Malpractice Flag #4: Corrupt Awards

Flag raised Flag lowered Under monitoring

The 9 Flags

Flag #1
Improper Appointments

Improper appointments, dismissals or failure to remove individuals in senior positions may be used to drive a corrupt agenda.

Flag #2
Co-opting Key Functions

Informal control may be established over critical functions within the institution to abuse them.

Flag #3
Climate of Fear or Favour

The working culture favours loyalty over duty; alignment with a corrupt agenda is rewarded, and resistance is punished.

Flag #4
Corrupt Awards

Contracts, licences, partnerships, loans and/or investments may be awarded irregularly and repeatedly benefit the same actors.

Flag #5
Financial Malpractice

The institution's financial management practices may be abused to advance a corrupt agenda.

Flag #6
Obstructing Accountability

The institution's internal operations might be deliberately obscured to hide potential misconduct.

Flag #7
Manipulating Perceptions

A public narrative that frames misconduct as innocence may be promoted.

Flag #8
Private Gain

Illicit gains may be distributed to benefit the same actors.

Flag #9
Shadow Network

The same public and private actors may collude to gain control over an institution's assets and functions, benefiting repeatedly.

About ACTis

What is ACTis?

The Anti-Corruption Tracker Information System is an initiative of the Anti-Corruption and Accountability Project at the Institute for Security Studies. It provides analysis on corruption and state capture in South Africa, to inform early intervention and enforcement. It utilises a system of indicators and an AI-driven data-collection and analysis tool, validated by human experts. It identifies risks within individual government institutions and produces actionable recommendations to address them, with a view to disrupting patterns of state capture and corruption. Findings are shared directly with government and other duty-bearers, civil society organisations, the media and the public, empowering authorities to intervene, strengthening accountability, and enabling citizens activism.

Links to ACTis Information:

Further project information may be found at the following links:

Terms and Definitions

Project Methodology and Analytical Framework

About the Anti-Corruption and Accountability project

About the Institute for Security Studies

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Flag raised | Flag lowered | Under monitoring

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[2] KwaZulu-Natal Growth Fund Agency, Annual Report 2024/25, https://www.kzngrowthfund.co.za/wp-content/uploads/2025/10/KZN-Growth-Fund-IAR-FY2025.pdf, p. 77. Project funding was calculated by adding R205m in investments (p. 99), R222m in gross loans and advances (p. 112), and around R900m is ringfenced in deposit accounts to be invested in specific projects (p. 100).
[3] KwaZulu-Natal Growth Fund Agency, Annual Report 2024/25, https://www.kzngrowthfund.co.za/wp-content/uploads/2025/10/KZN-Growth-Fund-IAR-FY2025.pdf, pp. 71, 50.
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[12] KwaZulu-Natal Growth Fund Agency, Annual Report 2024/25, https://www.kzngrowthfund.co.za/wp-content/uploads/2025/10/KZN-Growth-Fund-IAR-FY2025.pdf, p. 128.
[13] An off-take agreement is a contract between a producer and a buyer to purchase goods before they are produced or manufactured. It is a commitment to purchase stock or certain products when they are finished.
[14] News24, EXCLUSIVE | The abandoned sheep farm and 'ill-fated' condom factory: Inside KZN's R500m investment failure, 22 September 2022, https://www.news24.com/investigations/the-abandoned-sheep-farm-and-the-ill-fated-condom-factory-inside-kzns-r500m-investment-failure-20220923.
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