

# NEF Invests billions of rand towards black businesses and industrialists

Musa Ndlangamandla

**T**he National Empowerment Fund (NEF) continues to make significant progress in increasing support for black South Africans to invest and grow sustainable businesses across various sectors in order to achieve inclusive economic growth.

This is part of the NEF's objective of facilitating job creation through investing in black-owned businesses that have high employment-creation impact. The strategic interventions have delivered impressive results with over 92 000 jobs having been created to date, representing a giant leap from 25 000 jobs created in March 2011.

Laying out the NEF's strategy and annual performance plans before Parliament Select Committee on Trade and International Relations, CEO Philisiwe Mthethwa said

the target was to create an additional 4 000 jobs in the 2017/18 financial year, which will increase to 5 629 in the subsequent year, and over 7 000 more by 2020.

The NEF has developed 27 strategic industrial projects worth over R28 billion to support black industrialists as part of the organisation's forward-looking efforts to support government's radical economic transformation. "These projects have been developed in partnership with local and international partners. They are valued at R28, 67 billion, with the potential to support a further 85 000 jobs," said Mthethwa.

"The Black Industrialists Programme continues apace through the Strategic Projects Fund, whose mandate is to create new manufacturing and industrial capacity at the outset of projects, as opposed to doing so during equity closure," she adds.

She says the NEF uses a



sector-targeted approach in developing its portfolio and these sectors include renewable energy, tourism, minerals beneficiation, agro-processing and infrastructural projects. This the NEF does in order

to help create new manufacturing and industrial capacity and to increase South Africa's export earning potential, while reducing import dependency. To date the NEF has approved R800 million for black industrialist projects, leveraging R4 billion in external funding.

Mthethwa highlighted that since operational inception the NEF has approved 852 transactions worth more than R8, 6 billion for black-empowered businesses across the country. Over R5,8 billion of this is capital that has gone directly into the economy. Moreover, for 11 years, running the organisation has secured clean external audit opinions, which attests to the NEF integrity and financial management acumen. The NEF further ascribed its collection rate of R2,3 billion to the effectiveness of its mentorship programme. Mthethwa also pointed out that the NEF would continue to focus on entrepreneurship training and efforts to bring

more young people and women into the mainstream economy.

Accordingly, through the Women Empowerment Fund and through relations with various organisations that represent women in business the NEF continues to place high and dedicated focus on funding women-owned and managed businesses, targeting a minimum 40% year on year, in line with the Codes of Good Practice. "We seek to facilitate investment across all provinces in South Africa. Currently efforts are underway to ramp up our funded portfolio in the Northern Cape, North West, Free State, Limpopo, Mpumalanga and the Eastern Cape. Between 2017 and 2020 our target is to increase our percentage of annual disbursements by 25% in the respective provinces, through partnerships with provincial governments, local Development Funding Institutions and member-based business bodies," said Mthethwa.

## NEF injects R10m to help black farmers thrive in mussel farming

**T**he NEF is providing much-needed impetus to ensure inclusion and transformation in South Africa's aquaculture industry, a sector perceived to be lily white, through the provision of a R10 million loan to black farmers to invest in mussel farming in Saldanha Bay in the Western Cape.

In what has proved to be a successful empowerment initiative the NEF granted Imbaza Mussels Farming, a loan for expansion of the project which was started in 2012 to naturally harvest the wealth of Mediterranean mussel occurring in the country's West Coast.

General Manager Vos Pienaar explained that Imbaza Mussels is a majority black-owned company formed by six employees who broke away from Blue Bay Mussels.

"Each of the six had his own raft and pooled resources to form Imbaza Mussels, which now has a black shareholding of 67%. Today, there are 17 staff members, one boat and 30 rafts. Imbaza Mussels has also created 100 jobs," said Pienaar.

He added that NEF continues to play a key role in changing the demographics within the mainstream economy, thus the financial support to start-up businesses like Imbaza.

As part of its efforts to ensure empowerment of black participation in the mainstream economy, NEF granted Imbaza Mussels Farming R9, 9million to expand a mussel farming project. This was part of the Community Public Partnership Programme of the Department of Trade and



Industry and Blue Bay Aqua Farm (Pty).

"The financial packages NEF is offering are suitable for the empowerment of ordinary people. Today we have former employees as shareholders in the business. NEF

does offers something that commercial banks cannot offer start-up businesses like ours", says Pienaar.

He explained that Imbaza harvests about two rafts 1 600 ropes per month, and harvesting continues throughout

the year and supplies 50% of the SA market.

The industry has potential to grow in the global two million tonnes mussel farming industry dominated by China, Chile, Scotland, France, New Zealand and Spain.

## R14,7m towards black quarry mining business

**T**HE NEF is making significant strides in dealing with the structural barriers of black South Africans to the periphery of the mainstream economy by providing increased opportunities for them to own and control productive sectors of the economy.

One such area of economic exclusion has been the mining and quarrying sector; and one of the numerous 100% black-owned enterprises that have received assistance from the NEF is Active Blue based in Nguthu, in KwaZulu-Natal.

The company, which is not just black owned but also has its workers and members of the iNkosi Molefe Community as shareholders, is involved in quarrying and crushing stones for sale.

NEF funded Active Blue



to the tune of R14,7 million towards the purchase of additional equipment and working capital.

According to the Directorate of Mineral Economics in 2009, there were 353 registered aggregate and sand quarries operating in South Africa that employed more than 6 400 people.

NEF Divisional Executive Venture Capital and Corporate Finance Hlengiwe Makhathini said government's commitment to its R846 billion infrastructure development and expanded public works programmes will ensure growth and sustainability of the industry in the mid to long-term.

Active Blue is a subsidiary of Realstone Quarries a company established in 2011 with its head office in Vryheid, KwaZulu-Natal, focusing on local and international markets. The company was founded by a team of investors with extensive involvement in the mining industry. The focus is on mining and the packaging of different types of aggregate material, various brick type, ready-mix concrete and logistics. It acquired a two-year mining permit, which covers an initial 1,5 hectares. Active Blue has also secured prospecting rights for the same area and surrounding areas for a period of five years.



## NEF extends R11,8m in funding for women in fuels sector

**A**s part of its future centric approach to develop black owned companies, the NEF has extended a R11,8 million loan to the first independent petrochemicals company that is wholly owned and managed by black women in South Africa.

Wasaa Gasses founder and CEO Nokwanele Qonde paid tribute to NEF for the support explaining that the loan enabled the company to acquire state-of-the-art infrastructure

to improve efficiencies and ensure growth. She cites the support from the NEF as reason to be optimistic about expansion and growth, saying the professionals from the organisation have helped Wasaa with much more than a business loan.

"NEF works very closely with us in strategic areas of the business bringing insight and vast experience to help us stay on course with our growth plans. NEF is very professional, very thorough and always available," she said.

"NEF should be commended and supported by all. The loan has enabled us to put up the kind of infrastructure we needed to grow our business in a sector where there are very few women."

The company management has over 50 years combined experience in the manufacturing, marketing and distribution of gas, fuels and chemicals. Over time, Wasaa has built sound competencies, which have been instrumental in securing major contracts,

and contributed in positioning the company as one of the leading and competitive trading entities within the petrochemicals and commodities sectors. It also participates in markets within SADC.

Qonde said the primary goal of Wasaa was to progressively amass market share in a sustainable manner and gain visible presence within the petroleum and commodities sectors through the company's extensive product portfolio and infrastructure.



## NEF helps community members acquire mall stake

**T**he NEF continues to walk the talk when it comes to encouraging black South Africans to acquire ownership and a controlling stake in real estate and property ownership as a way to address the vicious cycle of poverty, unemployment and inequality.

To that end, the NEF has intervened on behalf of communities to secure a stake and become shareholders in shopping centre worth close to R1 billion.

NRF Divisional Executive SME and Rural Development Setlakalane Molepo noted that the progression of many

township consumers to a middle-income group also bodes well with such an intervention as it resulted in a significant increase consumer spending in the areas - this attracting major retailers.

To that end the NEF supported a community based private investment company named Sizovuna Investment (Pty) Ltd with equity funding in Umlazi Megacity Mall. Sizovuna, which saw an opportunity to revitalize the township economy in partnership with eThekweni Municipality, comprises of six shareholders from various sectors within the Umlazi and Lamontville

communities and is a 100% managed and controlled broad based black empowerment group.

"The NEF extended a R51,8 million loan to Sizovuna to acquire 25% equity in stake in Umlazi Mega City in 2009. Thus we became a formidable community based company meaningfully participating in commercial, retail properties and affordable housing," said Sizovuna Managing Director Gugu Dlamini.

"We are now geared for the next phase of investment and growth, which is to invest in property related development projects as we have forged

partnerships with companies specialising in this area and investment opportunities are being originated and evaluated on an ongoing basis."

Dlamini hailed NEF for stepping up to the plate to assist when commercial banks presented various barriers including a demand for substantial collateral.

She added that the initial value of the Sizovuna equity in UMC 25% equity was R55.5 million its estimated value is now R270 million.

Dlamini explained that part of the NEF support included training those managing project in business skills.