



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA



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Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

The National Empowerment Fund

Business opportunities in the energy sector workshop for women



- Presented by
- Mr Isaac Lelaka
- Regional Manager:
- North-West Province
- 17 September 2015

NEF Mandate ...

Established by the National Empowerment Fund Act No 105 of 1998, the NEF is a driver and a thought-leader in promoting and facilitating Black economic participation through the provision of **financial** and **non-financial** support to Black empowered businesses, as well as by promoting a **culture of savings** and **investment** among Black people



Starting a business

Ten simple rules for a successful start-up

- 1. Choose an option that's right for you**
- 2. Do your market research**
- 3. Draw up a business plan**
- 4. Choose a specialist investor / technical partner**
- 5. Employ the right people**
- 6. Market your business**
- 7. Put in financial systems from the start**
- 8. Manage your cash flow**
- 9. Supplement your own knowledge with specialist skills**
- 10. Enjoy yourself**

Market Failures Facing Black Business

The NEF seeks to address the following market failures:

- Lack of access to finance
- Lack of access to markets
- Lack of specific industry-knowledge and/or management experience
- Limited or no equity contribution
- SMEs have low bargaining power with suppliers and customers (they are price-takers)
- SMEs compete with well-established businesses
- They are often undercapitalized and have low asset base
- SMEs are characterised by lack of accurate and reliable information, and lack of business-planning skills
- Lack of management depth – small and multifunctional, and often lack a range of business-management skills



NEF Funding Products in detail

On average, the NEF's business loans are repayable over 4 to 7 years, and up to 10 years where marked with an asterisk (*) below:

Product / Fund	Description	Funding amounts
Entrepreneurship Finance	For starting a new business	R250 000 – R10 million
Procurement Finance	For tenders and contracts	R250 000 – R10 million
Franchise Finance	For pre-approved franchise licenses	R250 000 – R10 million
Acquisition Finance	For black investors acquiring a stake in medium to large companies	R2 million – R75 million
Expansion Capital	For growing an existing business	R250 000 – R75 million
*Project Finance	Participation in green-field projects	R5 million – R75 million
Capital Markets	Listing on the JSE or its junior AltX markets	R2 million – R75 million
Liquidity and Warehousing	The NEF has Black Facilitator status, which can help black shareholders and companies wishing to sell a stake while keeping the shareholding black	R2 million – R75 million
*Rural and Community Development Fund	for agri-processing, tourism, mining & beneficiation, manufacturing etc	R1 million – R50 million
*Strategic Projects Fund	Venture-capital fund investing in early-stage projects for the purpose of developing strategic industrial capacity in poverty nodes, in renewable energy, business process outsourcing, tourism, manufacturing, mining and mineral beneficiation etc.	R1 million – R75 million

NEF Funding Criteria

Each application is assessed in terms of the following criteria:

- minimum percentage of black ownership or interest,
- **black women empowerment, - WEF**
- black managerial and operational involvement,
- **commercial viability of the business,**
- specific product criteria,
- job creation,
- geographic location of the business (rural/urban/disadvantaged areas),
- community involvement,
- compliance with all the relevant laws and regulations,
- return on investment, and
- the possibility of co-funding with another public or private sector institution.



Successes To Date

Over R5 billion approved

More than R3.6 billion disbursed

Over 44 000 jobs supported and created

21.5% of women-owned businesses
funded



Mentorship

Ongoing mentorship support across the country

- Globally, 30% of start-ups fail in the first 2 years,
- Less than 50% survive beyond 4 years

The NEF has over 140 Mentors nationally to assist mainly with:

- Hand holding
- Financial , Marketing ,Technical mentoring & coaching
- Expert advice on strategy and operations
- Improve the chances of the business succeeding
- Provided for free to NEF investees



INVESTEE STORIES: IMBEWU FUND



“The relationship with the NEF has been excellent. Not only did they fund us as a business, but they were also willing to assist us with facilitating access to market our business. I would consider the NEF if I needed further funding.”

Ms Nancy Modiselle – Reakgona Commercial & Industrial Services

INVESTEE STORIES: UMNOTHO FUND

“We are grateful to the NEF for believing in the business proposition and national significance of POWER FM. The team that worked on the transaction was committed, diligent and a pleasure to work with. The demand for financial support amongst black owned businesses is quite high and requires a sufficiently capacitated NEF. Thank you to the “funder with a soul” for giving our people a voice, “Now we’re talking”.”

Mr Given Mkhari Founder and Chairman POWER FM



NORTH-WEST FUNDED BUSINESSES

2014/2015 YEAR - DEALS approved

1. BLISS TISSUE – R304k WITBANK – Female 100%
2. BOIKHUTSO FILLING STATION – R10m Sandfontein - Male 100%
3. SIMECO (TRAFFIC LIGHTS INSTALLER) – R404k - RRT-Male 100%
4. BAKGATLA BIOFLAME – R15m Moruleng – Community
5. BUILT IT – TLHABANE – 33%
6. BAKWENA BA MOGOPA MINERALS – BRITS – Community
7. GMD PROJECTS – MAFIKENG – R2.2m –Male 100%

Empowering through Franchising

Key requirement : Pre-approved Draft Franchise Agreement

