

**ADDRESS BY THE MINISTER OF TRADE AND
INDUSTRY OF THE
REPUBLIC OF SOUTH AFRICA,
THE HON. MR MANDISI MPAHLWA,
ON THE OCASSION OF THE LAUNCH OF THE
NEF ASONGE SHARE SCHEME**

**SATURDAY, 23 JUNE 2007, CONSTITUTION HILL,
Johannesburg**

The Deputy President of the Republic, the Hon. Ms Phumzile
Mlambo-Ngcuka,

Ministers,

Premiers

The Premier

MEC

Members of Parliament,

The Chairperson, Members of the Board of Trustees, the CEO and
the Executive of the National Empowerment Fund,

Leaders of commerce and industry, and Editors

Ladies and gentlemen,

The launch of the Asonge Share Scheme is a special occasion for
a number of reasons. In particular, I think it vindicates the decision
to establish a National Empowerment Fund. I think it also holds a
lesson for all of us that if we stay the course and not be afraid to
correct weaknesses, it is indeed possible to meet our objectives.

Historically, the Fund was established by the National
Empowerment Fund Act of 1998, as a member of the dti family, to

promote and facilitate black economic participation. In this regard, by being responsible for investment and funding activities, the intention was that it should form a key pillar of a suite of measures for broad based black economic empowerment. As such the NEF mandate is to focus on exclusively funding Broad Based Black Economic Empowered businesses, including new and existing black owned businesses.

It was therefore with quite enormous expectations that the NEF's operations commenced in the year 2002. Regrettably, for a range of unforeseen, sometimes unfortunate and at times quite understandable reasons, the NEF was not able to come close to matching these expectations.

Therefore I think that the second reason for this being a special occasion tonight, is that we have seen during the last two years a very significant improvement in the results of the Fund. I therefore wish to take this opportunity to acknowledge the role of the Chair of the NEF, Mr Ronnie Ntuli, the new board of trustees, the CEO Ms Philisiwe Buthelezi and staff of the NEF.

As part of the turn-around of the NEF, this team has established the Fund Management and Asset Management divisions, each with their own dedicated portfolio executives. The Fund Management Division was tasked with continuing with and increasing the volume of the roll out of the NEF investment products which has been accomplished by supporting a wide

range of transaction values, sectors and stages of BEE businesses. The Fund Management Division also recently developed the Procurement Finance product, a first which specifically focuses on the provision of finance to black entrepreneurs who have secured any form of business supply contract in a preferential procurement process. These are important developments for black entrepreneurs, who too often and despite having a solid business plan, have not been able to access competitive finance.

Although we can say with some confidence that the Fund Management Division has delivered upon its mandate over the last two years, we remain very much committed to the challenge of having a strong presence in all provinces. The NEF will therefore partner provincial DFIs to understand and promote the mandate of the NEF and other national DFIs such as the DBSA, IDC, Khula, and the Micro Apex Fund. We believe this is important as the provincial DFIs are best positioned to identify and promote business funding opportunities to the NEF and the other DFIs, instead of expecting the national DFIs to replicate themselves provincially and occupy the space that the provincial DFIs should be filling.

We very much look forward to the strengthening of this fund and it is through ongoing engagement with the dti, National Treasury and members of the Parliamentary Portfolio Committees, that the overall support for the fund and NEF has been developed. This support has been underpinned by the additional confidence placed

in the NEF by the National Treasury with the commitment of further funds this financial year in the Minister of Finance's Budget Speech in February.

Ladies and gentlemen, I said earlier that the Asset Management Division was the second leg upon which the NEF turnaround has depended and it has the critical role of supporting the establishment and promotion of a savings and investment culture amongst Black communities in need of this type of support. The Division has held 1, 5% of the MTN Group's shareholding and was tasked with developing creative and effective retail products for its beneficiaries, with associated education and awareness initiatives behind these products. This is one of the ways in which Government, through the NEF, hopes to assist the graduation of economic participation from the second to the first economy. I must also point out that in crafting this investment savings offer, Asonge, both the NEF and the dti have sought not only to contribute towards the national savings and investment imperative for our citizens, but at the same time integrate the key elements of Broad Based BEE through beneficial ownership as identified in the Codes of Good Practice.

Deputy President, what differentiates this share offer from any of its predecessors is that Asonge is an investment product deliberately designed to assist targeted beneficiaries gain access in formal share investment activities, and is supported by a listed, blue chip share that makes it valuable, unencumbered by financing structures as well as saleable. Accordingly I can safely urge those

of our people who wish to participate, to take advantage of this very unique empowerment offer.

But I am also pleased to inform this distinguished gathering, and accordingly the public through members of the media present here today, that this is not the end of it. As someone said this is really the end of the beginning! Activities in the Asset Management area of the NEF will continue and expand to include future releases of investment products such as this, plus other savings schemes that will be structured on newly sourced and acquired assets, out of the already identified State Allocated Investments still to be transferred from Government, plus other key investment opportunities that the NEF itself will identify and invest in. CEO, we look forward to seeing these new proposals and hearing more about these additional products that the NEF will release in future. I

In conclusion, I think the success and creativity we are experiencing now underscores what I said at the beginning. That sometimes we give up on initiatives too early. I am therefore glad, Deputy President that government through the NEF alone has invested in Broad Based BEE in the magnitude of nearly R1 billion to date with a further R700 million of funding already committed to support new investments.

I hope that through the success stories of initiatives such as these, we would be able to increase such funding in future.

I thank you

