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A funding solution for black SMMEs in the Northern Cape



Are you a black entrepreneur?

Is your business located in the Northern Cape?

Do you need start-up or expansion business funding?

Do you want to contribute to the growth of the province?

If your answer is **'yes'** to all of these, then your province needs you.

The Department of Economic Development and Tourism (DEDAT) in the Northern Cape and the National Empowerment Fund (NEF) have launched a multi-million-rand enterprise development programme.

As part of the initiative, DEDAT and the NEF have jointly set aside R75 million to establish the **Northern Cape Blended SMME Fund** that will provide concessionary funding to local entrepreneurs across all sectors of the provincial economy.

DEDAT has contributed R30 million to the partnership which will be used for non-refundable grants of up to R4 million per transaction, with 60% comprising a refundable loan portion from the NEF's contribution of R45 million to the Blended Fund. A business must only pay back 60% of the loan.

As businesses in South Africa and beyond continue to do battle against the constraints imposed by the COVID-19 pandemic, NEF Chief Executive Ms Philisiwe Mthethwa says "relief has arrived for black-owned and managed SMMEs in the Northern Cape, following the establishment of the Blended SMME Fund between DEDAT and the NEF.



A partnership for growth

"The collaboration with the NEF for the establishment of the Northern Cape SMME Blended Fund (NCSBF), comes at a most appropriate time in our quest to recover our economy from the harsh experiences of the pandemic. The intervention is directed at ensuring that enterprises that have viable and sustainable business plans receive the financial support required to propel their businesses to new heights and address the policy priorities facing our province in pursuit of our vision of developing a MODERN, GROWING and SUCCESSFUL Province," **says the Hon. Premier, Dr Zamani Saul.**

"This is a first in the province and therefore presents a massive opportunity to assist enterprises and entrepreneurs that wish to contribute to the economic development of the Northern Cape Province, while provincial beneficiaries have access to an additional source of funding in the province through the NEF products and services. We wish to invite other institutions to participate in this intervention by contributing to this fund and by doing so, the quantum of funding that will be available to SMMES across sectors will be increased," he adds.

Says NEF CEO, Ms Philisiwe Mthethwa: "This partnership is a significant advance in the NEF's quest to grow our invested presence in the Northern Cape, which is renowned for its contribution to the national economy through mining, agriculture and the and renewable energy industries, yet the benefits historically have not spread among black entrepreneurs in the province. The Fund will support black entrepreneurs across all sectors, including minerals beneficiation, agro-processing, tourism, construction, manufacturing, transportation, retail and services, among others".

Access to finance is one of the major challenges faced by small businesses in the country. More than 70% small businesses fail in their first two years due to among others, lack of access to finance and markets, **says the Northern Cape MEC for Finance, Economic Development and Tourism, the Hon. Mr Abraham Vosloo.**

"Innovative interventions aimed at addressing these challenges are required. One such intervention is blended finance which combines debt or loan funding with government driven grant funding. Blended finance provides emerging entrepreneurs with capital injection to sustain their operations and grow their businesses. This way, many of the challenges facing small businesses are alleviated. To this end, the NC Department of Economic Development and Tourism has partnered with the NEF to provide financial support to eligible black-owned businesses. This initiative will change the business landscape in the province and drive both economic development and transformation in the province," explains MEC Vosloo.



Funding Criteria

The Northern Cape Blended SMME Fund is for the exclusive benefit of businesses that are based in the province, and the criteria for funding include:

- Majority ownership by black entrepreneurs,
- Black women participation,
- Job creation,
- an entity of any size of turnover, which is 51% (fifty one percent) or more Black-owned or Black-women owned;
- an entity of any size or turnover, which is 30% (thirty percent) or more Black-owned or Black-women owned with a BEE status of between 1 and 3 as defined in the B-BBEE Codes of Good Practice, and
- Commercial sustainability.

A track-record of funding black entrepreneurs

In accordance with the partnership agreement concluded in March 2021, DEDAT has appointed the NEF "to establish, develop, implement and administer the Northern Cape Blended SMME Fund, through which the NEF will assist the Department in the acceleration of Broad-Based Black Economic Empowerment within the Northern Cape province".

Over the years the NEF has built a strong reputation as fund manager through partnerships with various entities across the public and private sectors, and these include Government departments and entities such as Tourism, the Western Cape Department of Finance, Tourism and Economic Development, the Limpopo Department of Economic Development and Tourism as well as Transnet Ports Terminals, while in the private sector these are Pick 'n Pay, Engen, BP South Africa, Shell, Nissan, Sishen Iron Ore Community Development Trust and Daimler Chrysler SA.

As a partner trusted by many, the NEF has achieved clean external audit opinions for 17 years running. Since operational inception in 2004 the NEF has approved in excess R10.9 billion for black entrepreneurs countrywide, supporting in excess of 103 000 jobs.

Email: northerncape@nefcorp.co.za

Tel: 0861 633 627 / 082 943 9835