



Enterprise and Supplier Development Fund



R50m set aside for Black SMMEs in Steve Tshwete Local Municipality

The Steve Tshwete Local Municipality (STLM) and the National Empowerment Fund (NEF) have jointly set aside R50 million towards the Enterprise and Supplier Development (ESD) Fund established between the two entities to benefit Black-owned and managed SMMEs domiciled in the Mpumalanga municipality.

To stimulate interest in entrepreneurship and to attract quality funding applications, the NEF and the STLM will host a high-level roundtable to explain the ESD Fund to entrepreneurs and the public. The municipality will make a financial contribution of R20 million with the NEF committing R30 million for qualifying transactions on a 40:60 ratio.

Contributions received from STLM will be invested as follows:

- Investment per SME are from R250,000. The STLM portion will be limited to a maximum of R5 million per transaction.
- The NEF will contribute a minimum of 60% of the funding requirement for each qualifying transaction and the balance of 40% will come from STLM contributions.
- Repayable loans at a prime-linked interest rate to be determined by NEF Investment Committees. The STLM contribution will incur a fixed interest rate of 5%.
- Duration per investment is a maximum of five years.
- The Fund will not invest in sin industries such as tobacco, alcohol and related products that are deemed to be detrimental to the community within which the qualifying SME is operating.

Contributions received from STLM will be invested as follows:



Executive Mayor, Cllr Diphale J Motsepe, says "the Steve Tshwete Local Municipality, in partnership with the NEF, will be hosting a joint presentation in response to the need to promote SMMEs, township industrialisation, stimulate and diversify economic growth and industries, and the need for improvement in business opportunities. The presentation will focus on various ways and models of closing economic gaps that were generated by, amongst others, the COVID-19 pandemic. Other issues discussed will include new models of ensuring our vision of becoming the best city in South Africa in service delivery, innovation, good governance and inclusive

growth. The partnership will promote and foster resolutions taken by the municipality to ensure economic growth and inclusivity in the SMME sector. This presentation is open to all SMMEs in all sectors within the municipality".



NEF Divisional Executive for Strategy, Planning and Significant Investments, Mr Setlakalane Molepo, says the NEF has a solid funding track-record to support and grow black economic participation. In accordance with the partnership agreement concluded with the municipality, the NEF will establish, develop, implement and administer the STLM ESD SMME Fund, through which the NEF will assist the municipality to accelerate Broad-Based Black Economic Empowerment by identifying fundable businesses and providing them a range of support interventions including mentorship, to enhance their chances of success".



Funding Criteria

The STLM ESD Fund is for the exclusive benefit of businesses that are located in the municipality, and who meet the following funding criteria:

- Majority ownership by black entrepreneurs,
- Black women participation,
- Job creation, an entity of any size of turnover, which is 51% or more Black-owned or Black-women owned;
- an entity of any size or turnover, which is 30% 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.



Performance Milestones:

Since inception the NEF has built a strong reputation as a fund manager through partnerships with various entities across the public and private sectors, and these include Government departments and entities such as the Department of Tourism, the Western Cape Department of Economic Development and Tourism, the Limpopo Department of Economic Development, Environment and Tourism as well as Transnet Port Terminals, while in the private sector these are Pick 'n Pay, Engen, BP South Africa, Shell, Nissan, Bakubung Platinum Mine, 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 R11.13 billion for black entrepreneurs countrywide, supporting in more than 103 299 jobs. This partnership is significant in that it will advance the organisation's key objective of optimising its investment portfolio and presence across the country, adds Mr Molepo.

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