

# FETOLA Bulletin

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## City of Ekurhuleni launches a R300 million Enterprise Development Partnership with the National Empowerment Fund

The much-anticipated Fetola Enterprise Development Fund, the enterprise and supplier development partnership between the City of Ekurhuleni (CoE) and the National Empowerment Fund (NEF), was launched on Friday, 6 December 2019 at the Kwa-Thema Business Hub at an event attended by the Minister of Small Business Development, Ms Khumbudzo Ntshavheni, as well as 500 entrepreneurs who are among the intended beneficiaries of the R300 million committed by the two institutions over the next 3 years. Over the period the CoE and the NEF will contribute R150 million respectively towards the partnership.



NEF CEO Ms Philisiwe Mthethwa; Ekurhuleni Executive Mayor Cllr Mzwandile Masina; Minister of Small Business Development Ms Khumbudzo Ntshavheni; NYDA Chairperson Mr Sifiso Mtsweni and MMC for Finance, ICT & Economic Development Cllr Nkosindiphile Xhakaza

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A smart partnership for enterprise and supplier development

Minister Ntshavheni said: “Economic transformation is an imperative and SMMEs are key drivers and contributors to job creation and economic progression. We need to create an enabling environment for their growth and sustainability, through the right policies and targeted support mechanisms to ensure their participation. Availing information on funding, reducing the cost of funding and bringing business support services closer to communities are some of the measures to unlock funding bottlenecks”.

‘Fetola’ is the SeTswana word for transformation “and we are seeking to achieve inclusive growth so that black entrepreneurs in the townships, in the cities and in rural communities can also become integral to the country’s economy,” explained NEF CEO Ms Philisiwe Mthethwa.

The Fetola Fund is one among four investment funds approved in October 2019 by the Ekurhuleni Council to implement the Ekurhuleni Community Enterprise Development Fund Policy in line with the Municipal Finance Management Act (MFMA).

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## City of Ekurhuleni launches a R300 million Enterprise Development Partnership with the National Empowerment Fund *...continued.*

### *Supporting community enterprises*

“The purpose of the Ekurhuleni Community Enterprise Development Fund (ECEDF) is to support the development of community enterprises in the form of individual entrepreneurs, small, micro and medium enterprises, cooperatives, informal traders and formal businesses as prescribed. The ECED fund is anchored by the Ekurhuleni Ten Point Economic Plan, a deliberate programme to position the Gauteng Eastern Development Corridor as the anchor and footprint of the provincial economy. The City has prioritised the Small Medium Enterprises (SMEs) sector as a job creation catalyst that must be fully supported,” said Executive Mayor Mr Mzwandile Masina. This fund is made up of three groups, he says, as follows:

- **The Phanda Fund** aims to support the development of community enterprises in the form of individual entrepreneurs, small, micro and medium enterprises, cooperatives, and informal traders located within the City of Ekurhuleni. This focuses on the township economy, industrialization, business services, environmental services and human development. The thresholds for this fund are from R50 000 to R1.5 million.
- **The Ximilani Fund** is designed to syndicate with registered organizations, organised business formations, associations and/or chambers of commerce located within the City. The funding thresholds for this fund range from R50 000 to R1.5 million.
- **The Fetola A Fund** seeks to partner on a 50-50 cost and risk sharing basis with development finance institutions, state-owned enterprises, corporate social investment partners, enterprise and supplier development, and private funds. Ideal partners are those organisations that exist for the sole purpose of developing black businesses. The funding range for this is from R100 000 to R6 million.
- **The Fetola B Fund** is a soft loan that is exclusively reserved for Ekurhuleni-based entrepreneurs. The

minimum application is R250 000. This Fund is aimed at black-owned businesses, individual entrepreneurs, small, micro and medium enterprises as well as potential industrialists and will be administered by the NEF.

The Fetola Fund will provide financial support to black entrepreneurs conducting business within the City of Ekurhuleni and those conducting business with CoE.



NEF exhibition stand at the Kwa-Thema Business Hub

### *Advancing economic growth*

Adds Ms Mthethwa: “The NEF has had a track-record of success as an implementing partner in enterprise and supplier development, having collaborated with various entities across the public and private sectors. These partnerships have unlocked additional capital to fund black entrepreneurs, attracting well over R869 million to advance inclusive economic growth and create sustainable jobs. Simply put, it can be said that the NEF is a partner trusted by many, investors and investees alike”.

## City of Ekurhuleni launches a R300 million Enterprise Development Partnership with the National Empowerment Fund *...continued.*

She says through its broader funding mandate the NEF has unlocked third-party funding of more than R8.8 billion from co-funding arrangements with private and public sector partners, and “this has been invested for the benefit of black entrepreneurs countrywide”.

“Under the Fetola Fund, entrepreneurs will receive 50% of their funding requirement through the regular NEF funding criteria and the balance through the contributions received from CoE. CoE contributions will be priced at concessionary rates of between zero and 5% fixed interest rate. Funding under the partnership will be provided to applicants qualifying for NEF financial support where commercial viability of the project has been proven,” added the Executive Mayor.

### **Funding black-owned enterprises**

The fund will focus specifically on majority black-owned enterprises that are commercially viable and sustainable,

as guided by the NEF due diligence processes. This partnership will further unlock investment support in key sectors for new and established small and medium enterprises.

“The NEF has a range of successes that ensures it is best placed for this partnership. In terms of the NEF’s own funding of black entrepreneurs, since operational inception in 2005 to date we have approved over 1000 transactions worth more than R10 billion across the country. Over the same period the NEF has disbursed over R6.8 billion into the economy, benefiting the SME sector, businesses owned and managed by black women, rural-based enterprises as well as black industrialist projects across the length and breadth of the country. The development financier also provides innovative non-financial support inclusive of entrepreneurship training, business planning and incubation, investor education and mentorship support,” said Ms Mthethwa.



NEF CEO Ms Philisiwe Mthethwa signing the Integrity Pledge while the Executive Mayor, Cllr Mzwandile Masina, looks on



# A pillar trusted by many

## The NEF, your ideal partner in enterprise and supplier development

If your company, Government department, State Owned Enterprise or Municipality is looking to make a lasting and meaningful impact with a partner that can help manage your enterprise and supplier development commitments, then look no further than the **National Empowerment Fund (NEF)**. This is the development financier that has perfected the science of providing entrepreneurship training, business planning and incubation support, investor education and mentorship as well as funding for SMEs, women empowerment, rural and community development, expansionary finance and the determined rise of

black industrialists. If these are your aspirations then come and partner with a pillar trusted by many, one that for 16 years running has achieved clean external audit opinions having approved over R10 billion for more than 1000 black entrepreneurs countrywide, supporting close to 100 000 jobs. Together with local and international partners **the funder with a soul** has developed 25 strategic and industrial projects worth R13.2 billion, with the potential to support over 55 000 jobs. **Join us today as we transform and grow the South African economy. You saw the typo? Then definitely, you're our type.**

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