

**ADDRESS BY THE CEO OF THE NATIONAL EMPOWERMENT FUND,
Ms PHILISIWE BUTHELEZI,
ON THE OCASSION OF THE LAUNCH OF THE ENGEN/NEF FACILITY**

27 July 2010, Johannesburg

- The Hon. Minister of Energy, the Honourable Ms Dipuo Peters,
- Mr Rashid Yusof, Managing Director & CEO of Engen Petroleum, and other Executives and managers present,
- Members of the Media here present,
- Programme Director,
- **Distinguished Guests,**

On behalf of the Board and management of the National Empowerment Fund, the NEF, my delegation and I are truly pleased to be part of this important investment initiative, the ENGEN/NEF Facility, whose launch we are celebrating here this morning.

This facility is a further example of how the NEF embarks upon the implementation of its mandate, the provision of financial and non-financial support to black entrepreneurs and black empowered businesses, encompassing the ability for black people to own unencumbered equity in their own wealth-creating business assets. Further, by entering into a facility arrangement, it demonstrates how the NEF is seeking ways and means to extend the reach of its mandate to all sectors and all regions of the country, without our beneficiaries having to only apply directly to the NEF for funding. A facility of this nature makes it easier for entrepreneurs to enter the liquid petroleum sector on the basis of pre-established finance being made available to eligible black entrepreneurs under the direct guidance of an established strategic partner in the sector, Engen Petroleum.

The importance of a strategic partner when entering into a business venture in a particular sector cannot be emphasised enough. The guidance and direction in making business management choices and decisions will prove to be as invaluable as access to finance for entrepreneurs. It is these types of combinations that the NEF has identified as being key to the success of the implementation of BEE. A further ingredient that the NEF has identified in the route to success for the black entrepreneur is access to pre- and post investment non-financial support.

Honourable Minister, the NEF receives a vast number of applications from aspirant entrepreneurs who would typically not be successful in raising funds from commercial funders, which is why the NEF's intervention is not only limited to the provision of innovative finance solutions to black entrepreneurs from as little as R250 000 up to R75 million in the cases of merger, acquisition and project finance. In response to the constraints facing some Black entrepreneurs, such as the challenge in producing top-quality business plans and the lack of accurate and reliable financial information from applicants, the NEF has since launched a comprehensive online Business Plan tool, which is available for free to the public on the NEF's website.

The tool is designed to assist applicants in initiating, improving and refining the quality of their business plans, including completion of financial projections through an interactive, step-by-step question-and-answer process.

Through its Post-Investment Business Unit the NEF monitors the performance of its growing number of investees for risk, and provides ongoing business support when required, which includes free mentorship and business-coaching to its existing clients. The business mentors are deployed across the country and possess a wide spectrum of business expertise, which proved invaluable to NEF investees at the height of the global economic downturn.

About the transaction

Distinguished Guests, the NEF is pleased to announce today its allocation of R50million in an affordable loan facility for the benefit of Black entrepreneurs that are interested in acquiring an ENGEN retail service station throughout any of our 9 provinces.

The facility has been structured following extensive consultation between Engen and the NEF and effectively allows aspirant Engen franchisees pre-approved funding based on parameters agreed to between NEF, Engen and the individual franchisee. The facility structure enables the NEF to assess individual transactions under the facility rapidly, thereby ensuring efficient access to funding for the black entrepreneurs. The proposed funding facility will be based on a financing agreement with individual franchisees and a co-operation agreement with Engen. The objective of the facility is to facilitate BEE participation in the Engen fuel retail network at a national level by providing the financial assistance to BEE individuals to acquire existing Engen franchises.

It will also allow the successful BEE franchisees to operate other franchised businesses attached to the Engen filling stations, such as Wimpy, Steers or Nandos. Engen will make sites available as the existing franchisees choose to sell or where franchise agreements have come up for renewal.

NEF's investment will support black entrepreneurs and will achieve the following strategic objectives:

- Allow access to long term funding at affordable rates;
- Support government initiatives in transforming the energy industry at a retail level by enabling new entrants into the market.
- Exploit spin-offs at enterprise development level with Engen whereby the latter will support black SME's through mentorship and training for operators.

It is envisaged that this will lead to an increase in Black owned service stations. This will allow for further penetration and increase in the provinces that are still lagging behind, such as Mpumalanga, Limpopo and the Eastern Cape. The Engen Market Gateway represents the first transaction funded by NEF under the facility in the amount of R6,5million. The NEF is proud to partner with the owner- manager, Mr Teboho Seeko, who is an experienced entrepreneur in the petroleum sector.

The NEF is truly proud to be a part of this important and historic landmark initiative. We are confident that this example of good corporate citizenship will inspire similar initiatives in other sectors of the economy, and we urge the media present to take the word to all corners of South Africa's economy, for them to work actively towards the restoration of the economic citizenship of Black people.

We are passionate about building an economically empowered nation that will provide meaningful opportunities for all our country's people, and we are committed to providing both the financial and non-financial business support necessary to growing Black participation in the economy.

The NEF is continually looking for new, innovative and cost effective ways of extending the reach of our mandate to all sectors and regions of the country.

As the custodian of hope for entry into business, the NEF funds a diverse range of business imperatives across all sectors of the economy.

Our suite of products is aimed specifically at black entrepreneurs wanting to start new businesses as well as supporting existing black-owned businesses with expansion capital, or for equity acquisition purposes.

These products range from financing CONVENTIONAL ENTREPRENEURSHIP TO FRANCHISING, FROM PROCUREMENT FUNDING TO PROJECT FINANCE, FROM EXPANSION CAPITAL TO ACQUISITION FINANCE, FROM RURAL AND COMMUNITY DEVELOPMENT FINANCE TO CAPITAL MARKETS, and others.

We actively search for black entrepreneurs and projects or transactions that yield high impact in their contribution to black ownership, management, employment equity, black women empowerment, in sectors that are priority sectors for the South African economy and, very importantly, that create jobs and make a meaningful contribution to addressing the wealth gaps experienced by black communities, especially in the rural areas. We are working hard on solutions to help identify and develop entrepreneurs and make access to the NEF in outlying areas more accessible. I look forward to making important announcements in this regard in the very near future.

As I reach the conclusion of my address here this morning, Honourable Minister, allow me to add that the NEF has continued to accomplish a range of historic successes in the pursuit of the mandate to promote Black economic participation.

- Since inception to date the NEF has contributed to the creation of more than 20 thousand jobs, broken down in terms of more than 13 thousand existing jobs and over 7 thousand new jobs as a direct consequence of NEF funding;
- In a year that saw the world endure the deepest economic recession at any time since the Great Depression of the 1930s, the NEF experienced its highest period of portfolio disbursement growth since operational inception in 2004.
- Cumulatively, this brings the NEF to a total value approved since inception of 228 transactions worth more than R1,8 billion, and 205 transaction disbursements of more than R1,5 billion.
- The current performance result of 41% (2009: 31%) women's participation is a notable achievement for the year. This was achieved against a target and KPI for women's participation of 40% of the BEE ownership level supported in each transaction.

To Mr Seeko, the entrepreneur behind this exciting business venture, be assured that the NEF is your partner for success.

Distinguished guests, please join us in wishing the entrepreneur, Mr Seeko, the forecourt workers and strategic partners behind this initiative, glowing and unlimited success in all their endeavours.

I thank you for your attention.

Ms Philisiwe Buthelezi
The Chief Executive Officer
National Empowerment Fund