

NEF ON COURSE TO GROW BB-BEE IN SOUTH AFRICA

Leading empowerment funder, the National Empowerment Fund (NEF), the agency of *the dti* mandated to grow Black economic participation, is on course to growing BB-BEE in South Africa, says CEO, Ms Philisiwe Buthelezi.

Mandate of the NEF

Established by the National Empowerment Fund Act No 105 of 1998, the NEF is a driver and a thought-leader in promoting and facilitating Black economic participation through the provision of financial and non-financial support to Black empowered businesses, as well as by promoting a culture of savings and investment among Black people, says Ms Buthelezi.

An array of exceptional achievements

Says CEO Buthelezi: "As an organization run in accordance with international best practice and corporate governance, a highlight of the NEF's financial performance over the years has been the distinction in respect of financial reporting on the basis of unqualified audits".

As a leading empowerment agency, the NEF has continued to produce an array of exceptional achievements in its three core areas of Fund Management, Asset Management and Strategic Projects, as outlined below:

Fund Management

"Since 2004 to date the NEF has approved a total of 219 BEE transactions amounting to R1,7 billion, having disbursed R1,3 billion during the same period. This includes the 2009/2010 financial year when the NEF accelerated its interventions by approving R684 million and disbursing R401 million notwithstanding the economic downturn. A total of 21 279 direct and indirect jobs have been created as a consequence of NEF funding since operational inception in 2004 to date," adds Ms Buthelezi.

Asset Management - NEF Asonge Share Scheme

The NEF launched its first BB-BEE retail product, the historic NEF Asonge Share Scheme, in June 2007, resulting in a 13 percent oversubscription of the offer.

The NEF had allocated an initial 10,64-million MTN ordinary shares to Black individuals, savings and investment groups. However, the Board of Trustees of the NEF approved allocation of a further 1, 4-million shares in order to provide for the oversubscription and to ensure a full allocation of shares to qualifying applicants.

Bonus Shares

In 2009 the NEF awarded bonus shares to investors who were still invested after 2 years, as an incentive to deepen a commitment to savings. This product was based on the MTN state allocation received by the NEF. When the bonus shares were awarded the investment had appreciated by over 67%, notwithstanding the global economic contagion.

Sasol Inzalo Public Share Offer

As a custodian for engendering a culture of saving and investment among Black people in South Africa, the NEF played a key role as a strategic advisor to SASOL on its first Black Public Offer in 2008, yet another milestone that has confirmed the NEF as a market leader on Black Public Retail Offers.

Strategic Projects Fund

The Strategic Projects Fund (SPF) was established with a mandate

to increase the participation of Black people (BB-BEE) in early stage projects that are aligned to Government's priority economic sectors.

Ms Buthelezi explains that SPF uses a sector-targeted approach in developing its portfolio and these sectors include Tourism, Mining, Minerals Beneficiation, Agri-processing, Renewable Energy, Business Process Outsourcing and Infrastructural Projects. A successful implementation of the Fund will see the NEF take the lead in the following:

- Expansion and creation of new industrial and manufacturing capacity of South Africa,
- Investment in economically depressed areas or poverty nodes as per Government definition,
- Warehouse equity for the future benefit of BB-BEE in national strategic projects and increase the participation of BB-BEE in these projects,
- Increase export earning potential for South Africa,
- Reduce the dependency of South Africa on imports,

Strategic Projects has experienced significant growth in its business since its operational inception in 2008. It grew its invested portfolio from R5 million in January 2009 to R80 million by Feb 2010 with a potential full exposure over the next 3 to 4 years on these deals to a value of R900 million by 2013 spread over 8 deals that have been approved.

Most of the current investments are in the form of equity or equity options for projects still in feasibility study phase and developed through project development agreements or unincorporated Joint Ventures.



NEF CEO, Ms Philisiwe Buthelezi

To date, some of the SPF's approved projects include:

- **Thin Film Solar Technology (Pty) Ltd:** a Solar Panel Manufacturing plant which is under construction and is expected to complete construction in 2012. This project has taken a lead within the renewable energy space.
- **Rare Metals Industries (Pty) Ltd:** a world-first integrated Titanium, Zirconium and Magnesium pure metals refinery plant in Saldana on a bi-lateral and partnership agreement with Russian and American institutions.