

# Industrial Financing in Township Economies

Presentation by the Incentive Branch,  
Industrial Development Corporation and the National  
Empowerment Fund

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**the dtic**

Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

**the dtic - together, growing the economy**

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# 1. *The Challenge*

## Townships and the Socio-Economic Challenge

- Townships, constructs of the apartheid regime, were planned and developed to keep black workers in the periphery of the main economic hub of activities.
- In recent times some township economies have become vibrant and thriving economics with no shortages of hair salons on the sidewalks, spaza shops around each corner and motor vehicle repair shops.
- However, these economic activities are narrow and not sufficient to impact the levels of poverty and unemployment, particular amongst the youth.

## Challenges **Hampering Growth in Townships**

- Insufficient access to capital that enables business growth as businesses located in townships are generally viewed as high-risk by conventional financial lending institutions.
- Lack of infrastructure (water, electricity, transportation, digital) hampers the optimal running of a business and makes it difficult to attract and secure customers, investors and suppliers.
- Small customer base that is usually confined to the potential customers in the township and the lack of knowledge and skills to tap into a wider and larger market.
- High crime levels that discourage businesses to set up operations in townships and additional costs for businesses located in townships due to high insurance costs to secure assets and the implementation of safety and precaution measures to ensure safety of staff.
- The cost of regulation and compliance that dissuades informal businesses from becoming part of the formal sector and hence limits their access to development industrial financing.

## 2. *The Strategy*

## South Africa's **Reimagined Industrial Strategy**

The **Reimagined Industrial Strategy** seeks to achieve 6 pillars with some directly and others indirectly impacting township economies:

- 1. Build a new model of growth and economic inclusion that unites South Africans in the economy and promotes transformation across provinces, districts, townships and rural areas.***

## South Africa's Reimagined Industrial Strategy

- To achieve this, the industrial strategy of **the dtic**, that translates into implementation guided by sector **Master Plans**, involves simultaneously boosting growth while promoting greater inclusion.
- **the dtic** is aiming to expand the number of new firms owned and run by black South Africans and to increase the industrial output and jobs created by Black Industrialists across the provinces, districts, townships and rural areas. Evidence of progress is presented for Black Industrialists supported in and around townships.
- In addition, more active efforts are being made to promote worker ownership in firms and provide mechanisms for the voice of labour to be heard in corporate decision-making structures



## South Africa's Reimagined Industrial Strategy

### ***3. Recognises that the economy needs a production boost.***

The department is supporting businesses to build local industrial capability, both for the domestic and export markets. The local industrial effort – called localisation for short - is rooted in building both dynamic firms and an inclusive economy. In particular, **niche tourism** such as ‘a typical South African experience’ in townships is a great way of attracting more people to visit South Africa while generating income for locals and creating jobs in townships.

## South Africa's Reimagined Industrial Strategy

### ***3. Focuses on increasing the level and composition of exports through trade with the rest of the world.***

Trade policy needs to be a source of new jobs and expansion of the industrial economy. That requires maintaining the department's centres of excellence, notably the auto industry which is a significant employer of workers from townships such as Kagiso, Insipingo, Malagazi, Ga-Rankuwa and Mamelodi. However, the department and its entities need to also develop new and grow current businesses in townships that can globally compete in more labour intensive value chains including food processing, clothing and footwear and the service sector.

While some progress has been made in these industries as evident from the case studies in this presentation, more work is required.

## South Africa's Reimagined Industrial Strategy

- 4. *Seeks to boost levels of investment*** through coordination and the use of various public policy measures, making it possible to take advantage of steps to expand markets through localisation and exports. Coordination includes efforts to combine public measures (such as provision of infrastructure in townships) that attract private investors to locate in the country such as the model of the Industrial Parks located in townships.

Development finance institutions such as the Industrial Development Corporation (IDC) and the National Empowerment Fund (NEF) have been given clear targets to increase levels of investment in townships and greater co-ordination with the commercial banking sector will be needed.

## South Africa's Reimagined Industrial Strategy

- 5. The strategy aims to ensure a more sustainable, reliable and affordable energy system while promoting green industrialisation and ensuring a just transition.***

The issue of energy is obviously a significant threat to employment and industrialisation, as well as living conditions particularly for businesses and communities in the townships. However, this challenge and the global move towards a less carbon dependent economic model offers new opportunities for industrial processes and products across provinces, districts, townships and rural areas that can help South Africa and the world avoid the worst of the crisis.

## South Africa's Reimagined Industrial Strategy

### ***6. Sixth, industrial strategy as a whole must aim more clearly to promote greater levels of employment.***

All of the pillars of industrial policy must be geared to generating more inclusive industrialisation overall. The social economy (sometimes called the solidarity economy) can complement traditional industrial strategies to expand job creation. The social economy is prominent in townships and includes a myriad not-for-profit producers such as co-operatives, non-governmental organisations (NGOs), stokvels and public employment schemes.

### 3. *the dtic's Approach*

## the dtic's **New APP and outputs**

In this Financial Year, the department built on the progress made since 2019 in the APP but with a significant new element: meaningful outputs and targets that more closely track the three outcomes of **industrialisation, transformation and building a capable state**. Presented below is a summary of the key targets.

### **45 Outputs -**

Have been developed to guide the work of **the dtic-group** in the financial year. These targets are divided into four types:

**10**

#### **Core Targets**

Measure the performance and transformation of the economy and reflect some of the ultimate objectives we are trying to achieve.

**13**

#### **Programmatic Targets**

Help to achieve the aims of Core targets, but directly measure the impact of specific activities, such as providing industrial finance

**15**

#### **Enabling Targets**

Enable the achievement of Programmatic targets, by creating the systems and environment that make our activities work.

**7**

#### **Contextual Responsive Targets**

Often involve work outside of core programmes and are designed to respond to pressing needs in the economy, and to encourage **the dtic** to be flexible and agile in our work.

## FOCUS of this presentation

- This presentation addresses one aspect of the wider transformation mandate and within that it focuses mainly on industrial financing support to businesses located in and around township economics. Other transformation economic instruments that also have a direct bearing on township economies are displayed in the next slide.
- More work will be done to collate information across these additional platforms of transformation to provide a fuller picture of the extent of support and the impact on growth, jobs and quality of life in the townships.



# Nine Economic Instruments Promoting Transformation

INDUSTRIAL FINANCING

SECTOR MASTER PLANS DRIVING  
LOCALISATION

COMPETITION SETTLEMENTS:  
MARKET ACCESS

B-BBEE CODES AND CHARTERS

EQUIV EQUIVALENT INVESTMENT  
PROGRAMME

SPECIAL ECONOMIC ZONES  
AND INDUSTRIAL PARKS

STATE PREFERENTIAL PROCUREMENT

BLACK INDUSTRIALIST POLICY

INCLUSIVE WORKER MODEL

## **4. *INDUSTRIAL FINANCING IN TOWNSHIPS***

## Industrial Financing Support in Township Economies

- Industrial Financial support since implementation of funding by the National Empowerment Fund (2003), the Industrial Development Corporation (2010) and the Incentive Branch (2016) in **the dtic** amounts to **R66 billion** (R3billion accessed by women and R1 billion accessed by youth-owned) that assisted over **1 000** entities/projects (approximately 120 women and 60 youth-owned) in and around townships. The funding comprises:
  - **R60 billion in loans from the IDC to support over 600 entities and creating/saving 139 928;**
  - **R3.9 billion in grants from Incentive Branch within the dtic supporting over 70 entities;**
  - **R2.44 billion mainly in loans disbursed by NEF in support of over 390 entities in and around township.**

# Industrial Financing Support in Township Economies

## GAUTENG TOWNSHIPS (36%)

Alexandra, Atteridgeville, Cosmo City, Daveyton, Diepsloot, Dobsonville, Ga-Rankuwa, Kagiso, Katlehong, Lenasia, Mamelodi, Mooiplaats, Orange Farm, Sebokeng, Sharpeville, Soshanguve, Tembisa

## FREE STATE TOWNSHIPS (2%)

Botshabelo, Phuthaditjhaba, Qua-Qua, Tshiame

## NORTH WEST TOWNSHIPS (3%)

Ganyesa, Marikana, Mathopestad, Mmabatho, Mogwase, Pelindaba, Thlabane

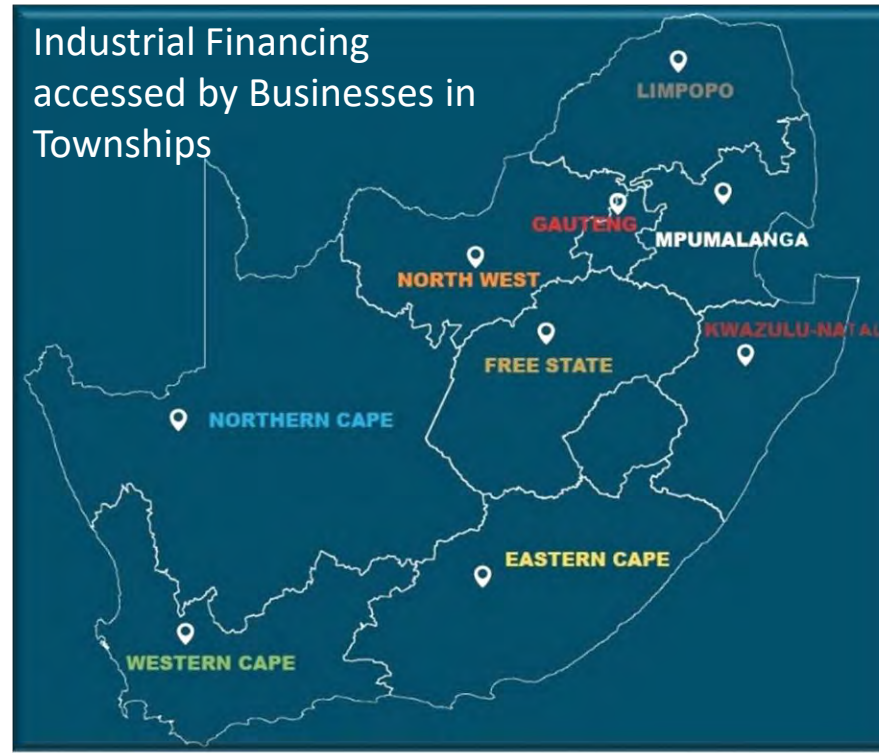
## NORTHERN CAPE TOWNSHIPS (4%)

Kagug Village

## WESTERN CAPE TOWNSHIPS (8%)

Atlantis, Blue Downs, Doringbaai, Elsiesrivier, Embekweni, Mitchells Plain, Philippi

## Industrial Financing accessed by Businesses in Townships



## EASTERN CAPE TOWNSHIPS (15%)

Berlin, Bhongweni, Dimbaza, Komani, Libode, Mcubakazi, Mdantsane, Motherwell, Ngangelizwe Zwelitsha

## LIMPOPO TOWNSHIPS (13%)

Giyani  
Lebowakgomo  
Makhado  
Malamulele,  
Mawhelareng  
Modjadjiskloof,  
Seshego,  
Sibasa  
Siloam  
Thohoyandou

## MPUMALANGA TOWNSHIPS (8%)

Aerorand, Lothai, Marijane

## KWAZULU-NATAL TOWNSHIPS (11%)

Chatsworth Edendale, eMondlo, Enseleni, Eskihawini, Folweni, Gamalakhe, Hammarsdale, Inanda, Isipingo, Isithebe, KwaDabeka, KwaMakhutha, KwaMashu, Luthuli, Mandeni, Manguzi, Mbizweni, Mpophomeni, Mpumalanga, Mqendandaba, Osizweni, Phoenix, Shakaskraal, Sundumbili, Umlazi, Umzinto, Verulam

## Industries and Products Supported

- The businesses in and around the townships are operating in various sectors including property (shopping malls), retail (including petrol stations), tourism and manufacturing. Some examples of industries and products include:
  - **Agro-processing** products such as of castor oil, fruit juices, condiments;
  - **Clothing, textiles, leather and footwear** manufactured products include man-made fibers, textiles, towelling, clothing, cotton yarn and footwear;
  - **Steel and metal fabrication** products include a variety of fabricated components mainly used in the construction and automotive industry;
  - **Retail** products include cosmetics and beauty products, hair products, groceries, fast foods, building materials, fuel, pharmacies and poultry.
  - **Mining and mineral beneficiation** products include mined coal, lignite and precious fine chemicals;
  - **Machinery and equipment** products include manufacturing of mining and construction equipment, pumps, compressors, taps and valves.

## 5. *TYPES OF FUNDING AND CASE STUDIES*

## Types of Funding and Case Studies of Support Rendered

- The selection of case studies, drawn from three different initiatives - **the dtic's** Incentive Branch, the IDC and the NEF, are some examples of businesses/projects in townships that have accessed the different types of industrial financing.
- The case studies represent a range of funding and includes funding to Black Industrialists, businesses that were affected by natural disasters, social funding to townships, transformation funding in the property and energy sector, critical infrastructure funding, social employment funding and partnership funding in townships.

## Black Industrialist Funding

**the dtic**, NEF and IDC supported over 200 Black Industrialists projects (53 women-owned and 37 youth-owned) located in and around townships with funding of:

- ***R 12.7 billion*** (*R2 billion accessed by women and R0.5 billion accessed by youth-owned projects*)
- *Supporting* **27 000** *jobs of which* **24 000** *is being created/saved*

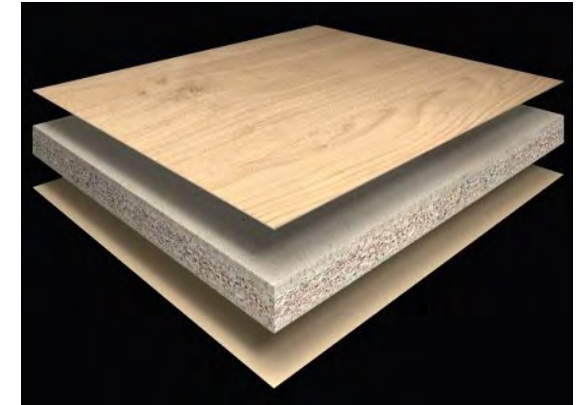


The FX Group (Pty) Ltd is a black-owned manufacturer that specialises in chipboard production, melamine lamination, UV cured gloss coating, foil lamination, PUR Acrylic Lamination and Post Form Tops.

As the only production plant in the area, the company has benefited the semi rural township community with job opportunities through the **creation of 210 jobs at the factory as well as over 400 annualised jobs created in the construction phase.**

The greenfield factory complex, which received assistance from the Black Industrialist Scheme and IDC to invest R500 million, is located in the centre of an area of forest plantations and saw-mills enabling the company to purchase all timber resources for board production and fuel for their 4 500 Kw biomass electricity generating power plant from local suppliers.

The FX Group has 36 retail stores across 7 provinces branded as HDS Cut and Edge. With the new factory complex in full production, the company is aiming to expand the network of HDS Cut and Edge stores to 50 by 2025. **Expansion in production and retail stores implies job security of the workers and more opportunity to increase salaries and improve conditions of living as well as quality of life.**



*Chipboard Production*

# FX Group Lothair Township



***Christian Nyawo and James Lethukuthula Dasa -Resin  
Plant Controllers***



***Panelope Matsebatlela Makole - Power Plant  
Water Treatment Lab***



# FX Group Lothair Township



***Joseph Nyasha Dzama and Bulganin Nyamambi Dube  
– Power Plant Control Room***



***Vusimuzi Elijah Mashinini – Power Plant  
Deaerator***

## Pavati Plastics Tembisa Township

Pavati Plastics, a Black Industrialist project is establishing a manufacturing facility for production of eco-friendly plastic raw materials. The company is based in Clayville (next to Thembisa), in the City of Ekurhuleni.

**the dtic** is funding the project through Black Industrialist Scheme support of R29 million for building improvements and capital equipment that will assist with advanced technology for quality improvements, energy efficiency and speed. This will give Pavati a competitive advantage as global markets moves away from non-recyclable laminated packaging. The production plant will contribute to localisation and an estimate of 3% in import replacement. Pavati has already commissioned one of their printing production lines which has secured markets already.

Pavati currently employs **44 people** whom the majority are from the **neighbouring township of Tembisa**. Once fully established the company is expected to hire an **additional 50 employees** from the township.



*Soma Printing Machine*



*Kingsley Beverages, a client of Pavati Plastics, are improving the sustainability of their labels*



# Pavati Plastics Tembisa Township



*Caroline McGow training on the new SOMA Slitting Rewinder machine at the new Printing Division*



*Graeme Lintnaar (Print Operation Supervisor) working on the new SOMA Flexographic printing press.*

## ATL Blow Moulders Soweto Township

ATL Blow Moulders, a Black Industrialist and female-owned project, manufactures plastic bottles. The company, whose warehouses and storage facilities is in Eikenhof, the south of Johannesburg, employs workers from the Jackson and Slakfontein informal settlement, Soweto, and the Waylers farming area.

The expansion project includes the procurement of injection moulding machines that produces plastic buckets for medical and chemical use. The new machinery supported through the Black Industrialist Scheme funding will allow the business to increase capacity in order to sustain and expand market. The business currently **employs 73 staff members and will create additional 45 new jobs** once the project starts with commercial production.

The business has demonstrated a sustained average growth rate of 23% over the last 9 years from R12 million in 2013 to R79 million in 2022 and hence **securing the jobs of workers from the nearby township and informal sector.**



*500ml Water  
Bottle*

*750ml Dishwasher/  
Handy Andy*



*400ml Lubricant  
Bottle*

*Caps*



# ATL Blow Moulders Soweto Township



***Happiness Mpetsana – Quality  
Controller***



***Strike McCloud – Forklift Driver***



***Abel Lebisi – Tool Maker***

Toronto Group, a Black Industrialist company, specialising in the manufacturing of eco-friendly quality charcoal, is based approximately 20km from the Embekweni Township.

The company's pre-production and technology processes involved in the manufacturing of charcoal briquettes is aligned with Vision 2030 of the National Development Plan on vegetation management and controlling environmental hazards. The company has an agreement in place to clear all alien (black wattle, blue gum) trees from the Berg River and along the ESKOM lines. This will be used as raw material for production of eco-friendly charcoal products including Charcoal, Electricity and Pyrolysis oil.

The Black Industrialist Scheme supported project, with a total project size of R180 million, is on the final phase of project completion. Indirect employment has already been created through the construction of the plant and there are already **85 people employed by the company mainly from the Embekweni Township** to harvest the biomass used as a basic source of raw material. Toronto Group will be going into production in the fourth quarter of 2023 and have secured 100% of its products for the European export markets.



*Eco-friendly coal*



## Toronto Group Embekweni Township



*Jerry Jacob – Overall Supervisor*



*Jomo Zungu – Chainsaw Operator*

For almost 30 years Ascolon Trading has been supplying fabric to the garment manufacturing industry, for fashionwear and schoolwear.

The company which is based in Umthwalume, on South Coast of KwaZulu-Natal, currently employs 61 permanent staff from Umthwalume and the surrounding communities, and with the planned expansion in production capacity, it plans to hire 19 more people.

IDC provided R194 million in funding.

*28 years of weaving a legacy of family and community*



*Fabric weaving at Ascolon Trading*



## Dreamland Piggery **Bophelong Township**

Dreamland Piggery is a Black Industrialist company with 70% women ownership and 30% youth ownership. The company which is in Vanderbijlpark, Gauteng was selected as one of the rural development reform projects and awarded a 30 years lease agreement to operate on the agriculture land by the Department of Agriculture, Forestry and Fisheries.

The production is segregated into maize production, feed production, piggery and abattoir. 90% of the company's raw materials are produces in-house. The company grows their feeding for their piggery, slaughter pork carcasses at their established abattoir and sells to various markets which are made of retailers including Massmart and other local medium scale meat processors.

**the dtic** and IDC have funded the company for the building expansion and capital equipment. Dreamlands currently **employs 40 people** and **has projected an additional 11 employees** once the expansion project is completed. **Employees are hired from the surrounding farming communities of the Kaal Plaats farms, the neighbouring communities of the Barage informal settlement and Bophelong Township.**



*Farming activities at Dreamland Piggery*

## Dreamland Piggery Bophelong Township



***Daniel Matika, Pheelo Godola, Sello Mofokeng, Mpho Mokgagae, Nobantu Jolingane, Calvin Moiane, Karabo Motlapema, Patric Sibiya, Lehlonoholo Gumede, Peter Manaba – All in Abattoir Slaughter Line***



***Daniel Matika and Lehlonoholo Gumede***



Abanqobi Packaging (Pty) Ltd, a Black Industrialist company is based in the Cosmo City Industrial Park and is manufacturing plastic pharmaceutical bottles in either PET, PVC, HDPE and LDPE that were previously locally sourced by the company and distributed to retailers.

The new project is being supported with R32 million received through the Black Industrialist Scheme for the purchase of machinery and equipment, leased building improvements and commercial vehicles with an investment value of R80 million. It is co-funded by IDC. The project is procuring 100% of raw materials and inputs locally. The funded machinery uses new technology that is environmentally friendly as it recycles the water used in the cooling system.

Abanqobi directly employs 14 workers and sub-contractors another 20 employees. **Majority of employees come from Cosmo City, Diespsloot and Kaya Sands Townships.** Once operating at full capacity, the project will employ 27 people on a full-time basis.



(Left) Katlego Tshiloane – Machine Operator  
(Right) Wellington Dube- Quality Assurance Manager

RT Industries is 100% black woman-owned business founded by Ms Msizi Nombuso Mazibuko.

The company was set up to operate a hardware store in the Tlhabane township in Rustenburg, North West. RT Industries was approved by the NEF in partnership with **the dtic** through the Women Employment Fund for R15 million for start-up business requirements and to acquire the assets. The store will focus on DIY, outdoor, home market, building materials, tile & bathroom, paint and accessory, liquidified petroleum gas wholesaling.

Through this funding, RT Industries **assisted 44 people to secure employment**. On the social aspect, **RT is on the ground assisting the community of Tlhabane with tips for both electricity, load shedding and water shedding**. Ordinary communities are given tips and product solutions for saving water and electricity.



The staff and building material at RT Industries



Formex Tubing (Pty) Ltd (Formex) is a Black-Owned business that is 81% Black-owned and 46% women-owned.

The company which is based next to and employs staff from Kwazakhele in the Eastern Cape, manufactures an extensive range of exhaust system-related components.

Formex engaged IDC to apply for R13 million in funding to assist in optimizing its processes and improve the overall equipment effectiveness of the tubing mill. The approved funding is anticipated to create 9 additional jobs.



*6 meter steel tubes*

TMM Forestry (Pty) Ltd (TMM Forestry) is a black-owned forestry company which represents the Tembe, Mabaso and Mbila Tribal Authorities in the Manguzi District, Northern KZN around towns of Manguzi and Mbwazana (70% community-owned).

The business will be focused on growing Tea Trees and distilling Tea Tree oil for the Cosmetics Industry.

The IDC funding of R23,5 million (including grant funding of R8,9 million from the Agri-Industrial Fund) is to support the company with funding to plant tea trees and install a distillation plant. The business will provide 42 jobs in the area.



*Tea Tree*



## Social and Solidarity Grant Funding

Over the past five years, the Industrial Development Corporation supported 40 township initiatives with funding of:

- ***R158 million***
- *creating* ***2 508*** *jobs; and*
- *impacting* ***22 236*** *beneficiaries*

# Mobile Clinic Enterprise



42



Sector: Agriculture

20 Jobs

Diepkloof, Soweto

R4.9 million IDC grant

Township Urban Agriculture  
Initiative



*Agriculture Initiative in Diepkloof*

## Economic **Recovery Funding In Townships**

Companies that are affected by natural disasters and unrest are supported by the Economic Recovery Funds with the aim of building back better. Over the past two years, the Industrial Development Corporation and National Empowerment fund supported township initiatives with funding of:

- **R1.24 billion**
- Supporting **22 000** jobs (saving 13 000 jobs, creating 1 500 new jobs and retaining 7 500 jobs)
- impacting **2 500** township businesses through the 19 Strategic Implementing partners and through direct funding





**Sector:** Textile and Clothing

**Province:** Gauteng

**Township:** Vosloorus

**Ownership:** Black woman

**Jobs saved:** 11

**Type of funding:** IDC grant funding of R1.8 million used for stock, machinery, in store furniture equipment .

**Build Back Better:** The machinery included upgraded specifications from the previous models to improve capacity, quality and turnaround times.

- **Sector:** Retail
- **Province:** Gauteng
- **Township:** Soweto
- **Ownership:** 100% black-owned
- **Jobs saved:** 8
- **Type of funding:** IDC grant funding of R1.3 million used for stock, in-store furniture, equipment and refurbishment.
- **Build Back Better:** The shop refurbishment, equipment and display cabinets were replaced with modern alternatives, which enhances the customer in-store experience and potentially increase turnover.





**Sector:** Retail Pharmaceuticals

**Province:** Gauteng

**Township:** Vosloorus

**Ownership:** 100 % black woman-owned

**Jobs saved:** 6

**Type of funding:** IDC grant funding of R 776 000 used for stock and in-store equipment .

**Build back Better:** The point-of-sale equipment was replaced with the latest technology to efficiently manage stock controls, cash management , and variety of payment methods for an enhanced customer experience and convenience.



- **Sector:** Informal Traders
- **Province:** Gauteng
- **Township:** Dobsonville, Soweto
- **Jobs saved:** 150
- **Type of funding:** IDC grant funding of R 7,6 million funding to informal traders and micro-businesses affected by the unrest in Gauteng, providing them with stock and better infrastructure to trade.
- **Build Back Better:** Decent, sturdy infrastructure, business mentorship and support was provided to informal traders as an alternative to from trading from makeshift structures. This provides a more conducive trading experience for both the entrepreneurs and their clients.





## All Tiles Sebokeng Township



- **Sector:** Retail
- **Province:** Gauteng
- **Township:** Sebokeng
- **Ownership:** 100% black woman-owned
- **Jobs saved:** 5
- **Type of funding:** IDC grant funding of R1.2 million for the replacement of stock that was damaged/lost during riots, replacement of damaged fittings & equipment.
- **Build back Better:** The equipment and stock were replaced with the latest technology/designs for an enhanced customer experience and a larger choice spectrum.

# Black X Cafe Sebokeng Township



- **Sector:** Service
- **Province:** Gauteng
- **Township:** Sebokeng
- **Ownership:** 100% black youth-owned
- **Jobs saved:** 5
- **Type of funding:** IDC grant funding of R1.1 million was be used for the purchase of stock and in-store equipment.
- **Build back Better:** The equipment, stock and refurbishment was replaced with the latest technology for an enhanced customer experience and convenience.





- **Sector:** SME's and Informal Economy
- **Province:** Free State
- **Townships:** Phuthaditjhaba
- **Ownership:** 100% black-owned
- **Jobs at Approval:** 400
- **Type of Funding:** IDC grant (R8.8 million)





- **Sector:** SME's (Construction)
- **Province:** KwaZulu-Natal
- **Townships:** Inanda, Ntuzuma and KwaMashu
- **Ownership:** 100% black-owned
- Jobs at Approval: 11
- Jobs after disbursement: 18
- Type of Funding: IDC grant (R1.5 million)



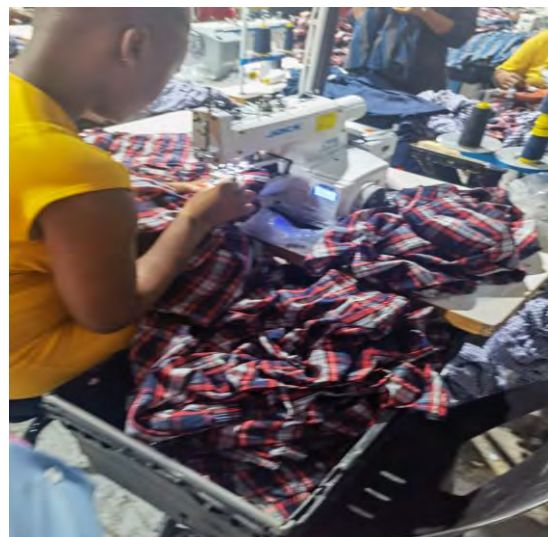
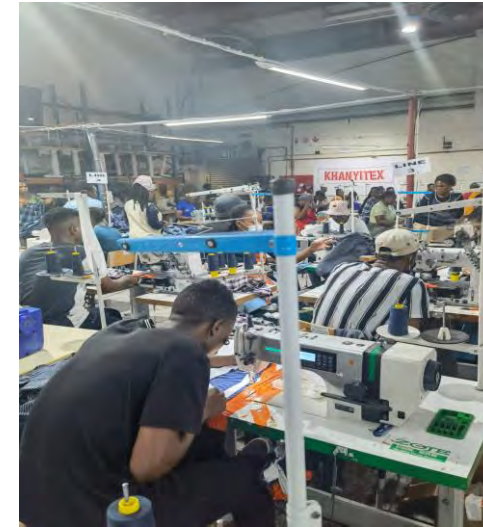


- **Sector:** SME's (Construction)
- **Province:** KwaZulu-Natal
- **Township:** Umbumbulu and KwaMakhutha
- **Ownership:** 100% black-owned
- **Jobs at Approval:** 11
- **Jobs after disbursement:** 16
- **Type of Funding:** IDC grant (R1.5 million)  
for opex and equipment





- **Sector:** SME's (Textile)
- **Township:** Mpumalanga (Hammarsdale)
- **Province:** KwaZulu-Natal
- **Ownership:** 100% black-owned
- **Jobs at Approval:** 90
- **Jobs after disbursement:** 270
- **Type of Funding:** IDC grant (R1.5 million)





- **Sector:** SME's (Recycling)
- **Province:** KwaZulu-Natal
- **Township:** Verulam
- **Ownership:** 100% black-owned
- **Jobs at Approval:** 6
- **Jobs after disbursement:** 20
- **Type of Funding:** IDC grant (R1.5 million)



## Wynfoods Alexander Township

Wynfoods (Pty) Ltd is a 100% black woman-owned and managed business operating for 46 years acquired in 2020.

Wynfoods deals primarily in processing chicken and producing individually quick frozen (IQF) portions for a wide market range, including restaurants, butcheries, distributors and direct retailers. They also have a “Factory-to-Public” store which services the Alexander community with chicken at factory prices. Their main clients include Cambridge Foods, Romans Pizza, Papachinos, Vassco Distributors & Meat Express.

The company was a victim of the vandalism that was caused by the riots in Alexander township.

The NEF approved R18 million which went towards replacing equipment, shop fittings, stock and working capital. The **funding assisted in re-employing 60 workers and creating a further 5 new jobs.**



*Employees of Wynfoods*



## SA Paint Distributors **Soweto Township**

SA Paint Distributors (SAPD) is a 100% black-owned paint distribution entity established in 2018 by Mr. Sibusiso Thabethe. The company retails from Diepkloof and Roodepoort, servicing hardware stores, contractors and specialty paint stores in townships and rural areas. Both stores were affected by the riots and lootings that took place in July 2021. Through the concept of 'Build Back Better', the NEF linked SAPD with Stevensons Paint (an existing NEF client) for former to source their paint stock from the latter.

Stevensons is an existing NEF client that was funded through the Covid Relief Fund and received funding of R10 million in 2020. The business is a paint manufacturer that distributes their products to well established retail brands such as Jacks Paint and Hardware Group (over 60 stores nationwide), Du Paints, Steinweg Logistics and the Build it Group.

Through the market linkages, Stevensons Paint has since become the preferred supplier for SAPD's paint stock. The NEF approved R17.3 million to recover lost stock and working capital which enable the **re-employment of 23 employees** at SAPD.

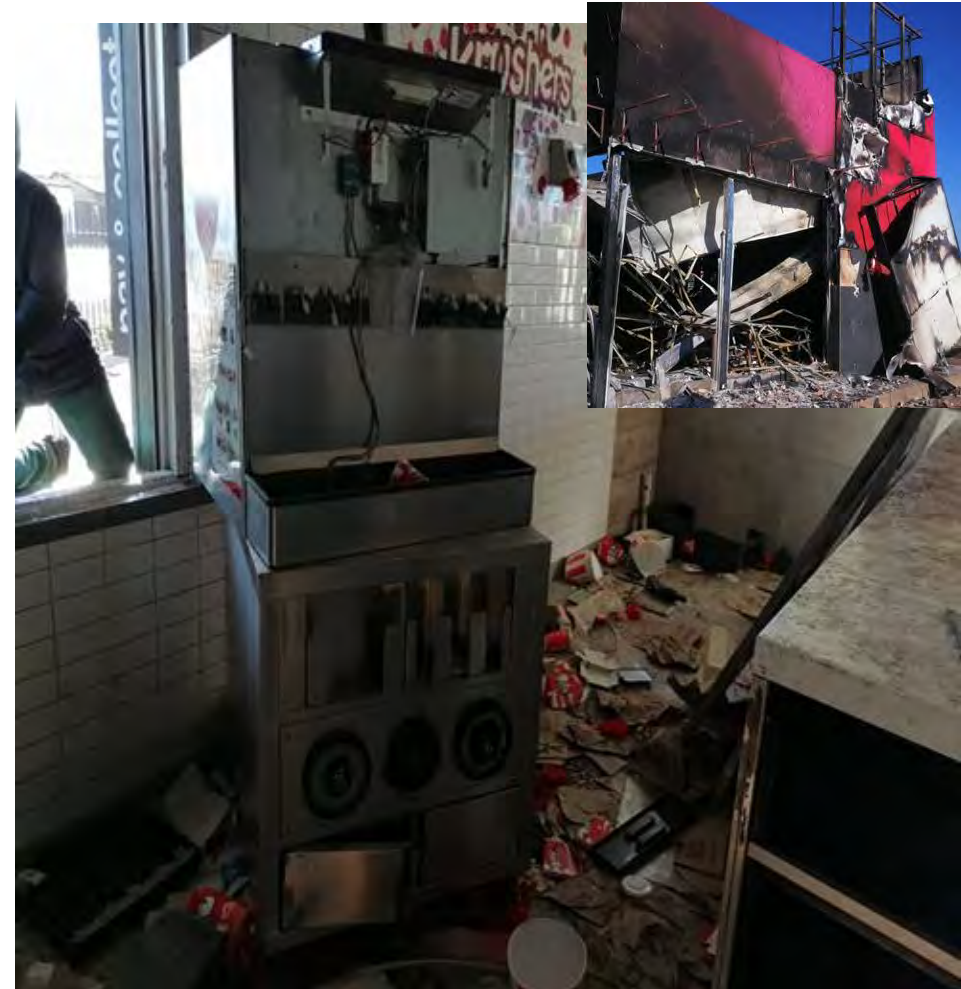


*SAPD distribution store*

KPML Group of entities own and operate 30 KFC outlets. The legal entities are owned by Ms Kedibone Lebethe, who has been with the KFC brand for over 35 years. She started as a Fryer, progressed to Senior positions within Yum International and subsequently operated as a franchisee for 12 years.

During the July 2021 civil unrest, 14 KFCs were damaged and looted. The affected areas included Sebokeng, Evaton, Vaal, Diepkloof, Protea Glen, and Dlamini in Soweto.

NEF approved funding to the value of R40.5 million to **restore 10 KFC branches and secure the jobs of workers** at these Soweto branches. The group employs **1 050** South Africans of which 65% are women, 67% are youth and 4 are people with disability.

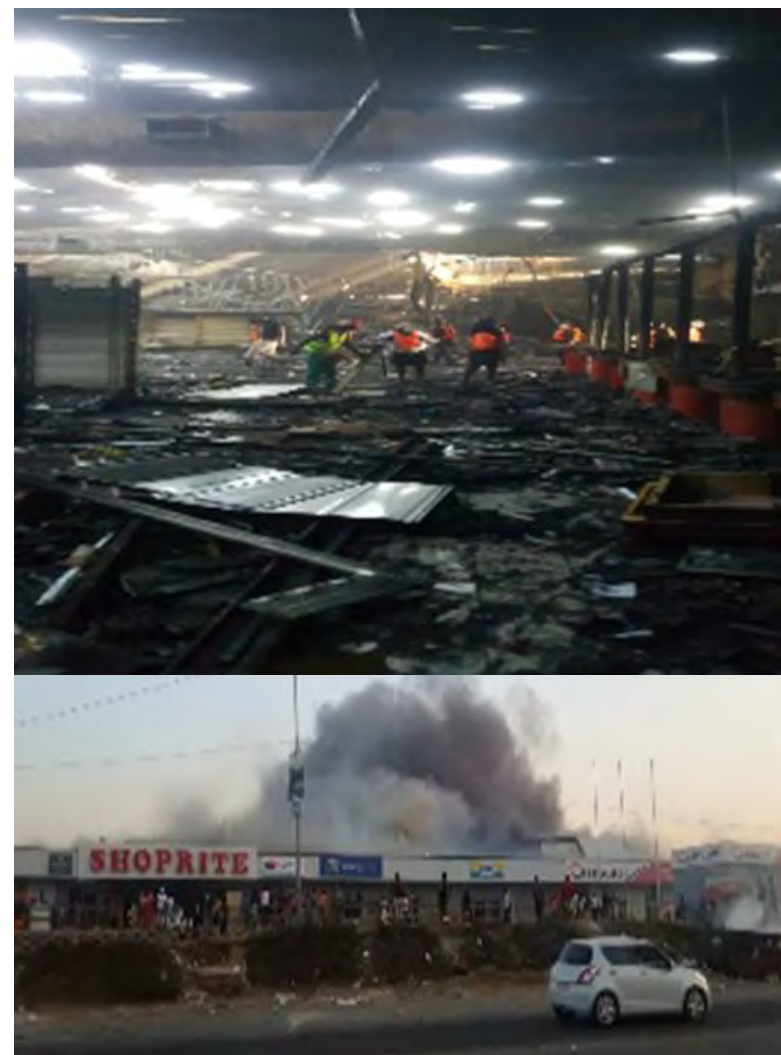


*Looted and burnt KFC food outlets*

Universal Pulse 348 (Pty) Ltd t/a Inanda Shopping Centre operates as the commercial property – Shopping Centre in Inanda, outside Durban, KwaZulu-Natal.

The shopping Centre which employs 150 staff is managed by Collins Property Project (Pty) Ltd. 23 of their properties were affected during the riots in Gauteng and KwaZulu-Natal. All their properties are strategically located in townships and rural areas and serves as economic hubs in these areas. Eight were significantly damaged and required NEF for funding.

The Shopping Centre in Inanda was completely burnt down. The NEF approved R45.5 million to rebuild it and the investment assisted the entrepreneur to **retained 150 jobs**.



*Looted and burned Inanda shopping centre*



BuildMart is a hardware store based in Kwamashu and was one of the businesses affected by the riots and lootings.

They NEF approved R10 million funding to assist the business with working capital requirements and capex. The funding went towards recovering fixtures and fitting, stock, salaries for 4 months, urgent layby refunds and paying existing creditors.

NEF has facilitated the engagement between BuildMart Kwamashu and Stevensons Paint. Through NEF funding, Stevensons Paint has since become the preferred supplier for BuiltMart. The funding has also gone towards **sustaining 20 jobs from the Kwamashu Township.**



*Shopping aisle inside BuildMart*

Hayett Investments (Pty) Ltd is a holding company formed in 2012, which owns and operates the Thulini Shopping Centre located in Mthwalume, KZN.

The shopping centre which measured approximately 5 500 m<sup>2</sup> was looted and burned during riots.

The NEF approved R44 million to rebuild the shopping centre. The investment assisted the entrepreneur to **retain 200 jobs of workers mainly from the village** that were lost. In addition, 50 temporary new jobs were created during construction.



*Construction underway on the Thulini Shopping Centre*



Wildfire Trading is 100% black woman-owned and managed by Ms. Nomathamsanqa Malatsi, who is pursuing interests in the petroleum industry.

The company is an Engen franchise, operating from Alexandra township. The business was purchased by the sponsor's late husband in May 2013 through the NEF. She took over the operations immediately after his passing in October 2013.

The site has 4 islands and 8 pumps retailing all grades of fuel (93 & 95 octane and diesel). The businesses **employs 29 people** including the entrepreneur.

The **NEF approved R2.5 million** which went towards renovating the site after it was vandalized and securing jobs for the **29 workers mainly from the Alexandra Township**.



*Looted and burned engine service station*



## Lindo Fast Food Kwa-Mashu

In May 2020 the South African Social Security Agency (Sassa) opened up applications for the R350 special Covid-19 Social Relief of Distress Grant for unemployed citizens. Lindokhule Msomi saved the R350 relief grant to start an informal kiosk in February 2021.

The NEF tracked Mr Msomi in April 2021 to provide him assistance in light of his entrepreneurial spirit and as a potential ambassador for the NEF mandate regarding the importance of saving and investment for growth. However, before the NEF could assist, the kiosk was vandalised and destroyed in the unrest of July 2021.

President Ramaphosa acknowledged Mr Msomi in the SONA 2022. In May 2022 the NEF presented Mr Msomi with a fully furnished custom-built steel container to operate his business from.



The NEF CEO with Mr Msomi



## SOCIAL EMPLOYMENT FUND

- The aim of the Social Employment Fund (SEF) is the creation of 50 000 temporary job opportunities for unemployed predominantly youth. The intention is not for the SEF to create permanent jobs but rather to provide temporary financial relief to participants, whilst at the same time:
  - **impart valuable work-culture** behaviours to participants. This includes habits such as timeous attendance at work, team-leading, working cohesively as a group, maintaining financial prudence in the spending of monthly wages;
  - **facilitate further pathways to employment** which include basic technical skills training which contribute to an individual's skills passport.
  - 80% of funding is paid directly to beneficiaries at minimum wage into their bank accounts.
  - Primarily being implemented in rural and township areas.

## SOCIAL EMPLOYMENT FUND

As at 31 March 2023:

- **28** strategic Implementing Partners were supported;
- Working through **1 065** community-based organisations;
- Funding of **R679 million**, and
- Creating **65 033** job opportunities.

*New funding rounds currently in progress to allocate a further R1.1 billion*

## CASE STUDY VIOLENCE PREVENTION THROUGH URBAN UPGRADING

VPUU is a Public Benefit Organisation implementing programmes that promote healthy and integrated communities, citizenship, pride, and quality of life for people by increasing safety and security through urban improvement efforts and social interventions. In partnership with communities, VPUU implements multisectoral, integrated, area-based upgrading initiatives in South Africa.

SEF project

Funds committed from SEF: **R17 164 385,31**

### Key focus areas:

- Placemaking
  - Repair and maintenance
  - Check IT
  - Safety and security
  - Household surveys
- Education Support
  - ECD 4 All
  - Food security and nutrition
- Waste Management
- Digital Inclusion - VNET

As of 30 Nov 2022	Jobs (n)	Jobs (%)
TOTAL	1028	95%

Gender	Jobs(n)	%
Male	274	27%
Female	754	73%

Province	Jobs (n)	Jobs (%)
Western Cape	1028	95%



## SOCIAL EMPLOYMENT FUND

"Being an ECD teacher helped me understand a lot about being a father, and how much it means for the kids to have a male role model in their lives."

Asemahle Madikane  
ECD Teacher, MP



"I was given the opportunity to learn and make an impact on my community. I was empowered to teach others."

Bulelwa Nonyongo  
Safety Supervisor, MP



"My experience at VPUU helped open my mind to see new opportunities, and I will go forward with the goal of starting my own business making Bokashi."

Bulelwa Ndzimela  
Waste Station Worker, MP



"My experience working with the kids made a positive impact on my life. I hope to continue mentoring young people."

Nomathemba Fingwana  
ECD Teacher, MP



"I learned how to work with people and handle a range of situations. I was proud of my ability to achieve my short-term goals while working at VPUU."

Fezeka Petheni  
Waste Champion, MP A & B





Khanyile Jara(19) is part of the **Placemaking team** that conducts household surveys which provides relevant data about the community's needs which VPUU responds to. Jara is also part of the Check-IT team which logs infrastructure due for repair with the City of Cape Town in the Lotus Park community.

*"I've been working for three months I go to the field to collect data on public infrastructure like street lights, public toilets and taps to see if it's Working. We also do household surveys and ask about specific changes they want to see in the community. I now have research skills and interpersonal communication skills. People are participating more in the community these days. When VPUU first arrived, people were reluctant to get involved with VPUU but now people are proactive They are going out of their way to tell us about broken infrastructure. When I matriculated, I intended on starting a business but not everyone is Bill Gates who started a business out of his garage You need capital to start a business.*

*Ever since I started working, I've collected resources to start my business. We have started a car wash Me and a friend, we wash cars, taxis, and also clean dustbins. We do this on weekends, and we are looking to expand the business beyond Gugulethu. Fifty percent of my salary goes to help in the house and 50 goes towards growing the business You have to have a goal. Being ambitious is not a bad thing. With my salary, I support my younger brother who lives with my grandmother, and I give him transport money to travel to and back from school".*



## VPUU Bukeka Sitsha



Bukeka Sitsha(44) is part of **the Digital Inclusion –VNET team** and has been trained to install and maintain the hardware that enables the VNET community Wi-Fi network in Lotus Park.

*“ First of all, I’m very happy to be in this project It gave me a job, and in the community, it has made a big change. Before this, I was working as a general worker, cutting grass, clearing parks but now I have skills. I’ve learned how to install Wi Fi, and because of my training I can see the reasons why Wi Fi is not working.*

*Before we had the VNET, kids used to be more worried about finishing their schoolwork but now they can turn on the Wi Fi on their mobile phones and do research with the VNET. I’m no longer worried to buy monthly data. Also, when I was looking for a job, it costs money to buy data to look for a job and to apply for it but now, we can email our documents if there’s a job we are interested in.*

*Now that I have this employment contract at least I can put bread on the table. Earning a salary has made a huge difference in my life because I can support my three kids and my mum”.*



*“Our job is easy but it’s important. We start at 9 am every day and we go out into the community and collect the black buckets from people’s homes which contain organic waste. We do this so that people stop throwing food on the streets and when we take their full buckets, we give them clean buckets to fill up again We also do awareness and education campaigns in the community to let people know about why waste management is important to keep our area clean. Lotus Park is pretty clean right now. It was very dirty and kids couldn’t play outside, now kids are playing soccer and netball outside*

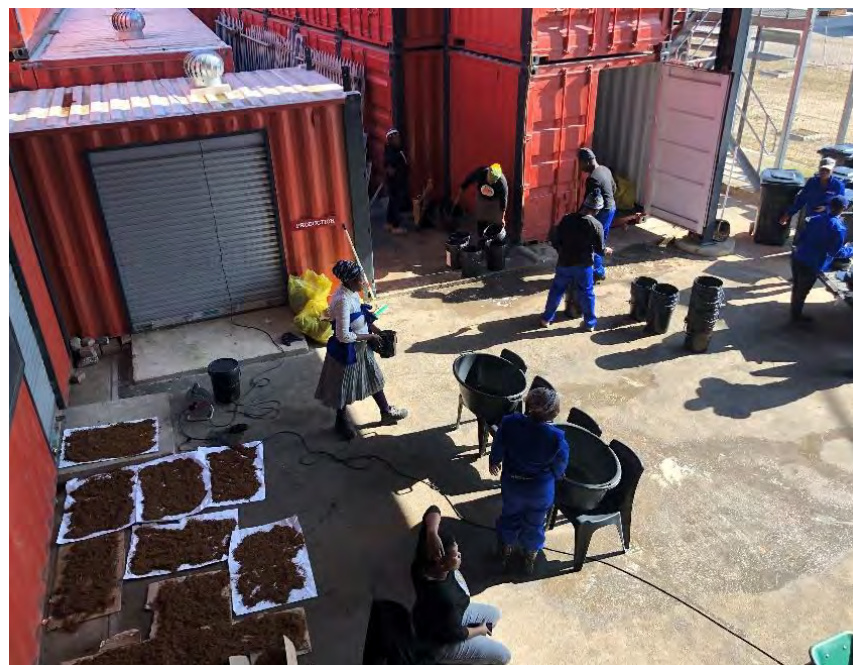
*Before this, I wasn’t working . A job is a man’s dignity There is nothing you can do without a job. It gives confidence and a purpose. I wake up in the morning and I have something to do. It gives me money and I can help my family.*

*In this job I have learned people skills and to be able to communicate with people. You must be able to resolve conflicts on the spot since it’s not a typical workplace. Before I was shy and introverted but now, I can talk to people without hesitation, and it makes me happy to talk to people”.*

Xola Mvimbi(30) is a **waste management project change maker** in Lotus Park. Mvimbi collects buckets of organic waste from residents, which is then processed for use in the community food garden, that feeds the children who attend the local ECD center.



- In November the team met the targets of weight collected removing 20.8 tons of organic waste from the Lotus Park community.
- With the active collection, the participation of the residents expectations. In November the project achieved a 56% participation of the Lotus Park population.



Change Maker's making bokashi at the Lotus Park Waste Station (left) which is then used in the Lotus Park garden (right). Bokashi is a composting process that uses microorganisms to ferment organic food waste and create a fertile compost that enriches soil.

## PROPERTY DEVELOPMENT FUNDING

Since inception, the NEF invested **R398 million** in the development of the property sector in townships/rural areas. Over the last 2 financial years, NEF supported:

- **12** townships/rural businesses;
- With funding **of R171 million**; and
- creating **1 850** jobs.

*This funding is mainly to support businesses in providing affordable and quality accommodation for students and equity funding to enable community members to own shares in malls built in township/rural areas.*

## Property Development Funding

Property development funding is enabling the community to own shares in malls located in township/rural areas and thus opening up new revenue streams to the community that results in increasing income and livelihood of these residents. Examples include:

- Qumbu Shopping Centre in Qumbu in which the NEF invested R34million to enable 37% community shareholding.
- Mega City Mall in Umlazi in which the NEF invested R51.8million to enable 25% community shareholding.
- Evethu Mall in Orange Farm in which the NEF invested R50million to enable 10% community shareholding.
- Willowvale Shopping Centre in Willowvale in which the NEF invested R22.8million to enable 37% community shareholding.
- Mavundla Square in Greytown in which the NEF invested R40million to enable 10% community shareholding.

The **communities** of Umlazi and Lamontville townships in KwaZulu-Natal, represented by Sizovuna Investments, **acquired a 25% stake** in Umlazi Mega City shopping centre with **NEF funding of R51.8 million**.

NEF realized an **investment return of 11%**, **approximately R90 million**. This genuine B-BBEE deal is delivering substantial social returns to community beneficiaries at large, including job creation and skills development.



*Umlazi Mega City shopping centre*





**Tshellaine** is a **100% black youth-owned** and **50% black-woman owned** business that emerged from the struggle experienced by the owners to find employment post-university graduation.

Tshepo Lekgau and Elaine Phasha, both University of Johannesburg (UJ) graduates, established Tshellaine in 2012 with the stipend that they received from serving in the structures of the university as well earnings from casual employment and started a student accommodation at UJ Campus based in Soweto.

Tshellaine is currently accredited for 200 beds by UJ and is fully operational at 100% capacity since 2012, from the property at Southgate Ridge.

Having gained the operational experience of five years and keen to own property, Tshellaine approached **the NEF for funding of R37.5 million** to purchase a piece of land in Winchester, Johannesburg for the development and construction of 66 units that would **accommodate a maximum of 264 students**.



Students outside the built accommodation



# YG Property

YG Property was **approved for funding of R32 million by the NEF** for the development of Social Housing units in Kempton Park Central.

The Social Housing Regulatory Authority (SHRA) provided grant funding of R85 million. At the time of approval, the DHS had consolidated the grant and subsidy into once instrument through SHRA. The development was named 1 Kempton Place. The total project cost is R126 million.

The location if 1 Kempton Park is close a number of attractions and amenities including OR Tambo International, Gautrain Station and Arwyp Medical Centre.

As part of the value add and market linkages, NEF linked YG Properties with Enza Construction (existing NEF client). The estimated value paid to Enza Construction for the development of 1 Kempton Place equates to circa R80 million.



1 Kempton Park

## Critical Infrastructure Support In Township

- The Critical Infrastructure Programme (CIP) aims to leverage investment by supporting infrastructure that is deemed to be critical, thus lowering the cost of doing business. Infrastructure is deemed to be critical if the investment could not take place without funding from CIP, or if the investment would not operate optimally.
- Under the CIP, **the dtic** supports infrastructure development in state-owned industrial parks as part of the state-owned Industrial Parks Revitalisation Programme (IPRP). The IPRP is considered one of **the dtic's** key interventions, promoting decentralization of industry to less developed areas, and within the rural and township economies.
- Over the past seven years the CIP supported a number of projects in townships with funding of:
  - ***R784 million;***
  - ***Facilitating R7.9 billion in investment; and***
  - ***Creating 4 800 new direct jobs and 8 400 construction jobs.***



## Critical Infrastructure Support In Township

- Funding to **11 Industrial Parks that are located in and around townships** were support for the initial phase of the revitalisation programme focusing on infrastructure provision of roads and security upgrades, installation of sewage, water, and electricity infrastructure, and refurbishment of top structures. Nine of these parks completed phase one funding and seven have started with phase 2 funding.
- **Bushbusk Ridge Mall is located in the Marijane Township in the Enhlazeni District in Mpumalanga.** The CIP support for the upgrades to the bulk service infrastructure has enabled further and improved distribution of water and electricity supply to the surrounding neighbourhood. A total of 486 permanent jobs (315 is female and 453 youth ) were created.
- **The Nkuna Kraal Shopping Centre and Taxi Rank is located in the Nkuzana Village, in the Collins Chabane Local Municipality in Limpopo.** CIP support included road upgrades around the mall, the construction of sewer systems, installation of bulk water and electricity, fibre connection and a taxi rank which is benefiting the local community. The mall currently employs 316 workers from the community and mall empowers SMMEs from the area by providing sponsorships to exhibit their products and services at the mall.

## Critical Infrastructure Support In Township



Bushbuck Ridge Mall is located in the Marijane Township



The Nkuna Kraal Shopping Centre and Taxi Rank is located in the Nkuzana Village

## Transformation Funding in the Energy Sector

- NEF has entered into Cooperation Agreements with Shell, Engen and BPSA to promote B-BBEE and transformation in the energy sector on a national level. The Cooperation Agreements allow the NEF to provide funding to service station operators on the strength of the technical support provided by these oil majors.
- The oil majors believe in the strength of their brands and sustainability of their businesses. As such they have undertaken to provide ongoing business support and mentorship to black entrepreneurs within the parameters of the franchise agreement.
- Since inception of the funding, the NEF invested **R262.8 million and created 1500 new jobs**. Over the last two years the NEF:
  - Invested In **75** service stations that operate in township/rural areas;
  - Provided funding of **R59 million**; and
  - Supported the creation of **400** new jobs.





## Sasol Tembisa Townships

Azasaya Trading CC t/a Sasol Andrew Maphethu approached NEF for funding to operate a new Sasol service station in Tembisa at the corner of the Andrew Maphethu and Mathebula Drive. The close corporation is 100% black female-owned by Ms Nomfuneko Tsutsu, who is a teacher by profession, but owned an Excel service station in Montague Gardens in Cape Town, which she sold after a year.

The service station comprises of a forecourt, a Sasol delight convenience shop and a fresh-out bakery. The NEF approved funding to the value of R2.7 million to finance the franchise fees and to purchase wet and dry stock. The funding assisted in **maintaining 32 workers mainly from the Tembisa Township.**



*Petrol attendant at the Sasol Andrew Maphethu Station*

Osot (Pty) Ltd (Pty) Ltd t/a Engen Y Motors is a 100% black-owned business. The business is owned by Mr Suleman Osman (60%) and Mr Lutho Phumelele Sotashe (40%) who approached the NEF for funding to acquire an existing Engen service station in Umlazi Township, south of Durban.

Engen Y Motors is strategically located on the intersection of Prince Mcwayizeni and Sibusiso Mdakane Drive. The service station had been operating for over 20 years with a loyal customer base. The business has been performing well since its takeover, having honored all monthly obligations.

The NEF approved R10.8 million for the acquisition of the Engen service station which assisted **in maintaining 44 jobs mainly from the Umlazi Township.**



Cars waiting to fill their petrol tanks at Engen Y Motors

***PARTNERSHIP FUNDS AND NON-FINANCIAL  
SUPPORT***



## NEF partnerships with the Private Sector to Support Development of Township Economies

Company	Sector	Objective
Sun International	Hospitality and Tourism	The programme focuses on black-owned SMEs within their tourism supply chain, including food and beverages, casino and gaming to logistics, marketing and accommodation and cleaning services to arts and crafts as well as catering, spa treatments and gardening service.
Tsogo Sun Hospitality	Hospitality and Tourism	As part of its efforts to uplift and support businesses in all industries within tourism and hospitality, Tsogo Sun hosts an annual Supplier Showcase, offering suppliers an opportunity to showcase their products and services nationwide. The range from accommodation and cleaning services to arts and crafts, as well as catering, spa treatments and gardening services.
SAB Accelerator	Manufacturing	Focuses on supporting black-owned suppliers in need of business development and technical support to grow further into the SAB supply chain and the SAB Thrive Fund, a Fund focused on supporting existing black-owned suppliers in need of capital to grow.
Sasol	Energy and Chemicals	Areas of focus for the business incubator are small-scale manufacturing, chemical and cosmetics manufacturing, plastics manufacturing, mechanical fabrication and services contributing to the business ecosystem.
Heineken South Africa	Manufacturing	Initiative that supports small, micro and medium enterprises (SMEs) in the Gauteng, Mpumalanga and Free State province.
Woolworths	Retail	Programme primarily supports emerging SMEs in Woolworths' supply chain. The aim is to lower the barrier of entry into their supply chain for small, medium, black and black women-owned enterprises.

# Township Economy Partnership Funds (TEPF) with Gauteng Provincial Government

## Background and Context

- TEPF partnership with Gauteng Provincial Government to establish a R400 million pilot fund to support township enterprises.

## Status Update

- The funds are fully committed to 4 Partner Implementers. As at 31 March 2023, R271 was disbursed to 479 businesses. Support was provided to 263 Black Industrialist for funding of R197 million, 100 women-owned businesses for funding of R85 million and 60 youth-owned business for funding of R36 million

## Future Outlook

- Discussions underway to establish a further R1 billion fund in Gauteng should positive results emerge from pilot. The intention is to expand the model to 3 other provinces but to also include rural enterprises too:
  - Eastern Cape R100 million
  - KwaZulu-Natal R100 million
  - Free State R100 million

## Plans for the 2023/24 financial year

2. **A study on the mapping and identifying of opportunities in townships** and development of Diagnostic Growth Matrix along sectoral and spatial analysis is being finalised. It is expected to recommend key industrial and related economic opportunities for support in 52 townships, including specifying the support required and role players required in providing the support.

3. **4-Township Manufacturing / Enterprise Hubs – to be initiated in 4-Industrial Parks located in four townships**, with packaged opportunities consolidated into feasible Business Case Studies. These will be supported through the existing programme of the Industrial Parks Revitalisation Programme (IPRP). Currently there are proposals for 6 parks and discussion that have started will identify 4-Metro Townships:

- eThekweni (KwaMashu & uMlazi) – for a Distribution and Logistics Hubs proposal
- Ekurhuleni in Labore Industrial Park – to repurpose factories for Township Clusters
- City of Joburg – revitalise feasible Industrial Parks in Soweto (Orlando & Dobsonville)
- West Coast (Saldanha Bay) – Clustering of SMMEs for opportunities using public and local private industry opportunities
- City of Tshwane – repurpose or develop a Township Manufacturing Hub at the Babelegi Industrial Park
- Buffalo Municipality (EC) – create a Township Enterprise Hub at the Dimbaza Industrial Park



*Thank you!!!*