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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 1071

Mr M M Mdluli (DA) to ask the Minister of Trade, Industry and Competition:

Whether, considering that in the past two decades the National Empowerment Fund has approximately spent R12,6 billion towards 24 strategic projects and the creation of 3 600 job opportunities, he has found these funds to be well spent; if not, what is the position in this regard; if so, what are the relevant details? NW1313E

REPLY:

The NEF has only disbursed approximately R793 million to these 24 Strategic Projects that are at various development stages. The combined investment value of these projects once they reach Financial Close is R12,6 billion. The various stages of development are as follows:

- 5 projects already operational (over 6 000 jobs supported, see below) with a combined value of over R4 billion. This is already a good economic impact given that this value has been unlocked utilising less than R800 million as mentioned above.
- 7 projects are at Financial Close and Capital Raising. These projects are in various sectors such as green energy, healthcare device manufacturing, recycling and other strategic sectors.
- 12 projects are still at Feasibility Stage.

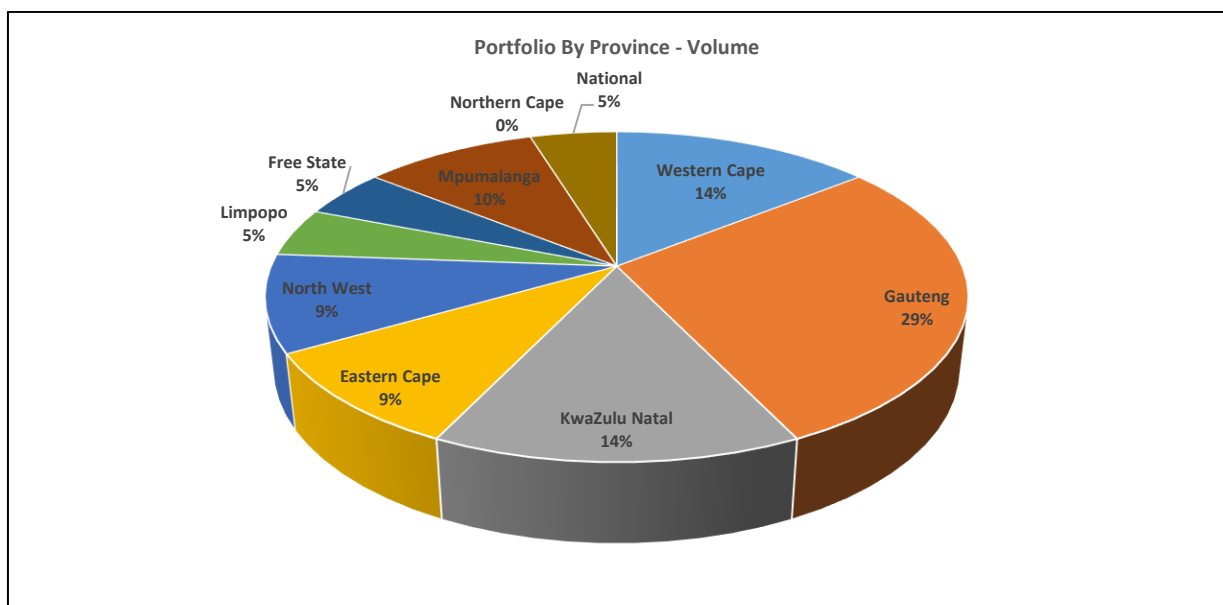
The NEF, through its Strategic Projects Fund invests in projects that are still at development stage. Normally, NEF would invest in these by using an equity instrument, which would gain value as the project progresses through the development stages. It is

this progression of the projects that attract other equity and debt funders to invest at a later stage when the projects have sufficiently reduced the risks.

From the 5 projects that are already operational, the NEF unlocked 6 693 jobs, including 5200 indirect and construction jobs. Two more projects are expected to reach Financial Close in this financial year and will reach Commercial Operation in the next 18 to 24 months. Together, these projects will unlock more than 12 000 jobs including construction jobs. The remaining 17 projects are expected to contribute a significant number of jobs when they reach commercial operation.

The value adds and additionalities of the NEF investments include jobs that were created in rural areas such as Jozini in the rural KwaZulu-Natal province. In terms of the 5 projects that are operational the NEF total funding of R453 million unlocked over R3 billion of private sector capital in areas that initially were deemed high-risk areas. This implies for every 1 (one) Rand invested by the NEF over 6.6 Rand was crowded-in by the NEF from private sector.

The chart below depicts the investments in all the provinces of South Africa. The NEF attained an equitable geographic spread including projects:



Labour was sourced from surrounding villages/towns/informal settlements across where all these projects are located, especially the operational projects.

In terms of skills, the employees were trained, and this boosted the local skills, material and supplies were all sourced locally, boosting local economies in all the provinces.

A total of 5 of the strategic projects that were funded have 51% and more ownership by women.

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