

NEF and Solidarity Fund approve over R600m post-unrest business relief

In September 2021 the National Empowerment Fund (NEF) and the Solidarity Fund's Humanitarian Crisis Relief Fund (HCRF) launched a financial relief programme to support small-, medium- and micro enterprises (SMMEs) recover from the devastating effects of riots in KwaZulu Natal and some parts of Gauteng, setting aside over R580m for the purpose.



Source: Supplied. NEF chief executive officer, Philisiwe Mthethwa.

"It has always been the modus operandi of the Solidarity Fund to partner with existing organisations that have the experience and expertise needed to fulfil a project's requirements.

"The NEF is an important and effective contributor to economic participation through the provision of financial and other support to businesses. By partnering with the NEF, the fund was confident that this financial aid would reach the businesses that needed it most. And it has, demonstrating once again the strength we have when we step forward in solidarity," says Gloria Serobe, chairperson of the Solidarity Fund.

"In accordance with the agreement, R308m was set aside for a concessionary credit-facility commitment by the NEF while the R273m committed by the Solidarity Fund was earmarked as grants for blending with NEF funding," explains NEF chief executive officer, Philisiwe Mthethwa.

She says the partnership has been "so successful that since its establishment, funding has been approved for 140 sites, with a combined value of R623m supporting 5,562 jobs. The partnership has been able to achieve more than its initial

commitment through leveraging its partnership with the dtic”.

Among the criteria for funding, applicants had to be a registered company, close corporation or co-operative in good standing with the South African Revenue Services. Applicants were also required to demonstrate that jobs lost would be restored or increased within 12 months of receiving the funding, and to demonstrate that they were negatively impacted by the riots and unrests in both provinces.

Reversing the devastation

The wave of civil unrest resulted in damage estimated in excess of R30bn on GDP, placing more than 150,000 jobs on the line. The manufacturing and retail sectors were the hardest hit, and approximately 161 malls in both provinces experienced severe damage to property and stock, and damage of varying degrees at 200 shopping centres. Approximately 3,000 stores were looted, resulting in stock losses estimated at over R1.5bn. In the wake of the unrest, 1,400 ATMs were damaged.

To implement the partnership, the NEF deployed teams of investment professionals across both Gauteng and KZN, and these teams comprised finance and risk-assessment specialists, engineers, legal advisors and others, who were deployed directly to the trouble spots to interact with and assist entrepreneurs whose businesses had been harmed and whose operations had ceased as a result.



Making business funding pay off for your business

21 Apr 2022



“The deployment was over a period of several weeks where NEF investment teams engaged different stakeholders including entrepreneurs, local government, property owners and business organisations, having adopted a district-municipality approach to ensure that every blade of grass was covered in the affected areas,” adds Mthethwa.

“Despite the shock and fear felt by many South Africans, community members bravely stepped up in unity to defend their neighbourhoods. In many instances, businesses and communities were saved, but the damage was still great. It was clear that help was needed in order to assist in rebuilding. As a tribute to a winning partnership - SMME businesses, which form the heart of our economy, and thousands of jobs - have been saved,” says Serobe.

A concerted response by Government

The damage caused by the unrest in both Gauteng and KwaZulu Natal sent tremors across the national economy, necessitating a co-ordinated response by National Government. Through the dtic, Government availed a total R3.85bn to assist businesses in distress, and those that had to shut their doors.

A total R650m was allocated by the dtic for the NEF to come to the rescue of the businesses that were affected by the unrest. For this purpose, R100m was allocated from the NEF’s own balance sheet.

“Inclusive of the partnership with the Solidarity Fund, to date the NEF has approved 205 transactions supporting 145 firms with a combined value of R881m, supporting 8,013 jobs.

“Given the considerable demand for financial support among affected businesses, the total number of transactions under consideration by the NEF amount to R245 million with a potential impact of 1,200 jobs,” concludes Mthethwa.

For more, visit: <https://www.bizcommunity.com>