

R200m set aside for entrepreneurs to fight Covid-19

As South Africa enters the nation-wide lockdown declared by President Cyril Ramaphosa this week to contain the spread of the Covid-19 pandemic, black entrepreneurs can look forward to funding of between R500,000 and R10 million in concessionary loans to purchase machinery, equipment and raw materials and to fund other working capital requirements for the manufacture and supply of medical masks, sanitisers, dispensers and related healthcare products.



Philisiwe Mthethwa, CEO of National Empowerment Fund (NEF)

Repayment holiday for black entrepreneurs

“In partnership with the Department of Trade, Industry and Competition (the dtic) the National Empowerment Fund (NEF) will facilitate funding for black entrepreneurs to manufacture and supply a range of medical products to help the country flatten the curve of this deadly global virus.

“A total R200 million has been set aside for the purpose, and once disbursed black entrepreneurs will be accorded a 12-month repayment holiday to help their businesses stabilize. The loans will be offered at 0% interest for the first year and thereafter at 2.5% per annum. The loans will be repayable over a maximum term of 60 months. This is in line with the NEF’s mandate as a development financier to champion inclusive growth while responding innovatively to the challenges facing the country,” explains Philisiwe Mthethwa, NEF CEO.

Track-record in funding healthcare and manufacturing

The NEF, which to date has approved funding in excess of R10 billion for black entrepreneurs across all sectors of the economy including healthcare and manufacturing, has dedicated teams of seasoned investment professionals to help expedite approval for eligible black entrepreneurs and to ensure a total two weeks from application to disbursement, following receipt of all relevant documents for commercially viable applications.

The NEF says targeted entrepreneurs are those businesses already registered as suppliers with retailers and other institutions in good standing, as well as those that have a purchase order, a contract or letter of intent with a credible entity. The priority product and service list encompasses the following:

Products to be funded for black entrepreneurs to fight COVID-19			
Hand sanitisers	Disinfectants	Hand soaps	Medical protective clothing
Disposable plastic gloves	Facial masks	Detergents / cleansing products	Steel beds
Linen & hospital clothing	Medical supplies	Dispensers (water, soap & sanitisers)	Toilet paper
Plastic bottling & moulding	Matresses & sponges	Disposable caps	Alcohol-based wipes

The dtic and NEF criteria for funding under the COVID-19 relief fund:

- Be a registered legal entity in South Africa in terms of the Companies Act, 2008 (as amended); the Close Corporations Act, 1984 or the Co-operatives Act, 2005.
- Be a taxpayer in good standing with a valid tax clearance certificate at assessment as well as before the loan is disbursed.
- Be a current and registered supplier with retailers and other institutions in good standing or have a purchase order/contract/letter of intent.
- Require working capital or funds to purchase machinery and equipment.
- The fund WILL NOT service any debt or help settle monies owed.
- Have greater than fifty percent (>50%) Black shareholding and management control. Must be directly involved in the day-to-day running of the operation and must have requisite expertise in the sector. (owned by black South Africans as defined by the Broad-Based Black Economic Empowerment (B-BBEE) Act)
- In line with the NEF's transformation mandate, preference will be given to applications that demonstrate meaningful black women ownership, management and control.
- Have a project with a minimum requirement of R500,000 in working capital, machinery and equipment.
- Must result in retaining or increasing direct jobs.
- Submission of all relevant documents for commercially viable applications.

Applicants may reach the NEF on covidfund@nefcorp.co.za and on +27(0)11 305-8080 for this emergency funding.

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