



MEDIA STATEMENT

15 MAY 2018

DEFENCE INDUSTRY FUND SET TO FAST-TRACK TRANSFORMATION IN THE DEFENCE INDUSTRY

Parliament approved the Defence Review in June 2015. The Defence Review, as a national policy on defence, provides a long-term strategic view on the capabilities required by the South African National Defence Force (SANDF). Such capabilities would be acquired through a balanced combination of local and international defence companies.

However, the local defence industry faces numerous challenges which range from shrinking local demand, compliance requirements for exports, lack of transformation, high barriers of entry for aspiring SMMEs and lack of access to finance. After consultations with defence industry stakeholders, Armscor (which is an acquisition agency of the Department of Defence) and the Association of Aerospace, Maritime and Defence - AMD (which is a defence industry association) jointly decided to investigate the possibility of establishing a Defence Industry Fund (DIF).

An industry-wide demand-side survey was conducted with the assistance of an independent service provider which confirmed the necessity for such a fund. The DIF would be owned and operated by a company that complies with the requirements of the Financial Sector Conduct Authority (FSCA), while Armscor and the AMD would serve as catalysts for the process of establishing it. A joint project team was constituted which was accountable to the boards of Armscor and AMD.

A process was initiated which started with a Request for Information (RFI) in October 2017 and then the Request for Proposals (RFP) in November 2017 where the latter closed on 31 January 2018. There were 33 representatives from 24 companies who attended the compulsory briefing session on 29 November 2017. While nine (six local and 3 international) companies had made submissions for the RFI, there were six local companies that submitted proposals as part of the RFP process. Of the six companies, two were disqualified and four were evaluated in a two-stage process, namely, technical evaluation of submissions and presentations.

The successful bidder was Crede Capital Partners (Pty) Ltd (FSP46762) and the joint boards of Armscor and AMD have appointed the company to initiate the operationalisation of DIF in line with the FSCA requirements.

The establishment of the DIF is considered a significant step towards the support and transformation of the defence industry, especially the SMMEs operating in the defence environment.

More information will be provided as the process of operationalising the DIF unfolds in the next couple of weeks.

-ENDS-

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