



Creating Jobs in South Africa

“Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for life.”

- **Effective**
 - **Sustainable**
 - **Motivated**

..... and
put the fish in the lake!

The ESM vision - a job creation program

Creating jobs is the single most important task to improve living conditions for the many previously disadvantaged individuals (PDI) in South Africa. Poverty and crime will significantly be reduced once people can take care of their basic needs. Supporting entrepreneurs to start a business or to help them grow an existing operation is the most promising route to create new jobs.

ESM Development AG (ESMD) has implemented a structure in South Africa for the sole purpose of investing in businesses of previously disadvantaged individuals and to provide them with the necessary business services and skills.

In order to qualify for funding, the entrepreneurs need to meet the following requirements:

- ✓ Have a business plan and the skills and enthusiasm to execute the plan
- ✓ Unable to obtain loans from traditional finance institutions because of the location of their businesses or because they lack collateral
- ✓ to be based in the Western Cape (Cape Town Metropolitan Area)

Our ambitious goals:

- **Create 1000 jobs by 2005 through continuous funding of new businesses**
- **Maintain the purchasing power of the invested funds (in local currency)**
- **Reinvest the paid loans in new businesses**

Background and Motivation



Eric Meier-Ruegg

Everybody talks about social responsibility and the necessity to open markets for 3rd world products in order to alleviate poverty and improve the prospect for a better future to millions of economically disadvantaged people.

Mid 2001, after 25 years of professional and managerial experience with internationally leading information technology companies, Eric Meier-Ruegg initiated the job creation project and provided the initial capital for investment funding and the required technical assistance.

Why South Africa? Eric emigrated to South Africa (Johannesburg) in 1976 as a sales representative for IBM. Only many years later he realised the detestable reality of the former apartheid regime. Since 1999 Eric travels regularly to South Africa and he is impressed what the „Rainbow Nation“ has achieved peacefully.

Eric is Swiss, born 1951, married to Silvia Meier-Ruegg and lives in Freienbach/Switzerland. He has a commercial degree of Zurich Business School (1972) and is an alumnus of the Harvard Business School (AMP 1997). He serves as a Director for the following companies: C1 India Pvt. Ltd, Logotron Electronics AG, eGourmet AG and ESM Development AG

The ESM Development Team



Derek Lubner

Director of ESM Investments (Pty) Ltd. Derek has international Sales, Marketing and General Management experience. Prior to joining ESM in Feb. 02, Derek was the co-founder of an e-commerce start-up. Derek is South African, made his executive MBA 1997 and lives in Cape Town.



Jill Singer

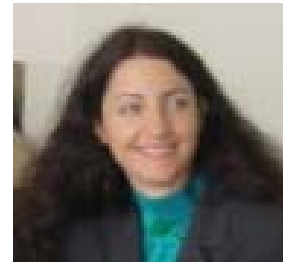
Director of ESM Investments (Pty) Ltd. Jill has an LLM degree in commercial law and has been a director of Mallinicks Attorneys since 1990. She managed the day-to-day activities of the ESM project until Derek was hired. Jill is South African and lives in Cape Town.



Juerg Maybach

Advisor

Juerg has a broad management experience with leading IT companies. He started his business career in Cape Town in 1963. Today he provides consulting services for clients in the IT Industry throughout Europe. Juerg is Swiss and lives near Zurich



Leanne Mostert

Director of ESM Investments (Pty) Ltd. Leanne graduated from the University of Natal (BSc degree in chemistry). She added a law degree and became a director at Mallinicks Attorneys in 2001. Like Jill, Leanne was instrumental in establishing the ESM project. She is South African and lives in Cape Town.



Hans Kuhn

Advisor

Hans is a graduate of the Swiss Federal Institute of Technology in Zurich. For many years he served in various positions in the Family Business (incl. General Mgr.) until he started his own consulting company specialising in social accountability standards. Hans worked in South Africa 1977 and is now establishing the Swisscontact Organisation in South Africa. He is Swiss and lives near Winterthur/Zurich.



Silvia Meier-Ruegg,

Director of ESM Development AG
Silvia contributes her administrative and financial experience. She is Eric's spouse and frequently provides support on project visits in South Africa.

Our strategy and business model

To implement the “job creation program” ESMD has created a South African legal entity: ESM Investment (Pty) Ltd. (ESMI)

The role of ESMI

- Support the selection process of companies that qualify for funding
- Approve financing
- Manage the loans and equity investments (with the Project Panel Board, whose founding members include Mallinicks Attorneys, a well-respected Cape Town law firm, and the Graduate School of Business of the University of Cape Town)

From March 2001 until December 2003 ESMI has invested Rand 4'554'691 or \$ 650'670 in 32 businesses (mostly start-up companies). The average loan in 2001/2 was Rand 49,000 (\$ 4,900) and the loan terms are very favourable (prime rate plus 2% - repayable over 2 years). In 5 situations ESMI has provided equity.

ESMI operates on commercial principles and should achieve profitability within five years.

ESM Development's partners



Mallinicks Attorneys

Mallinicks is an original project member and continues as part of the Project Panel Board, and manages the administrative side of the investments and loans. They are a crucial part of the success of the project.



The Centre of Innovation and Entrepreneurship Graduate School of Business / University of Cape Town

The GSB plays a key role in identifying potential businesses that qualify for funding. The GSB also supports the project by “supplying” mentors and providing training to the entrepreneurs.



Swisscontact

(Swiss Foundation for Technical Cooperation)

Mandated by **seco** (Swiss State Secretariat for Economic Affairs) Swisscontact has established a not-for-profit organisation in Cape Town. The purpose of this new entity is to facilitate the delivery of business development services. This project has been initiated by ESM Development and ESMI funded business will be a priority for Swisscontact South Africa.

Staatssekretariat für Wirtschaft
Secrétariat d'Etat à l'économie
Segretariato di Stato dell'economia
State Secretariat for Economic Affairs



How can you contribute?

Millions of people in South Africa live on less than \$ 2 per day. The 'job creation program' is an excellent opportunity to help bring positive change to a new South Africa.

If you would like to be part of this vision, there are many ways to make a difference:

- Invest in ESM Investments (Pty) Ltd. Your investment helps create jobs for the previously disadvantaged people in the Western Cape - and result in a moderate return.
- Support the project with a grant or donation. This helps expand the project faster and make it sustainable. The business services are key to the success of all the new companies.
- Consider AAF products for your business needs, seasonal gifts (e.g. Xmas), employee presents, etc. AAF pricing is competitive and supports fair trade guidelines.
- Help us with contacts or contribute your time and support.

How to contact us?

South Africa:

ESM Investments (Pty) Ltd

Yogesh Singh

c/o African Art Factory

Old City Hospital Complex, Portswood Road

Greenpoint 8005, South Africa

Tel. +27 (0)21 421 99 10

yogesh@esm.org.za



It is time to act!

Switzerland:

ESM Development AG

Eric Meier-Ruegg

Kantonsstr. 48d

8807 Freienbach, Switzerland

Tel. +41 (0)79 416 42 30

eric.meier@esmdevelopment.ch