



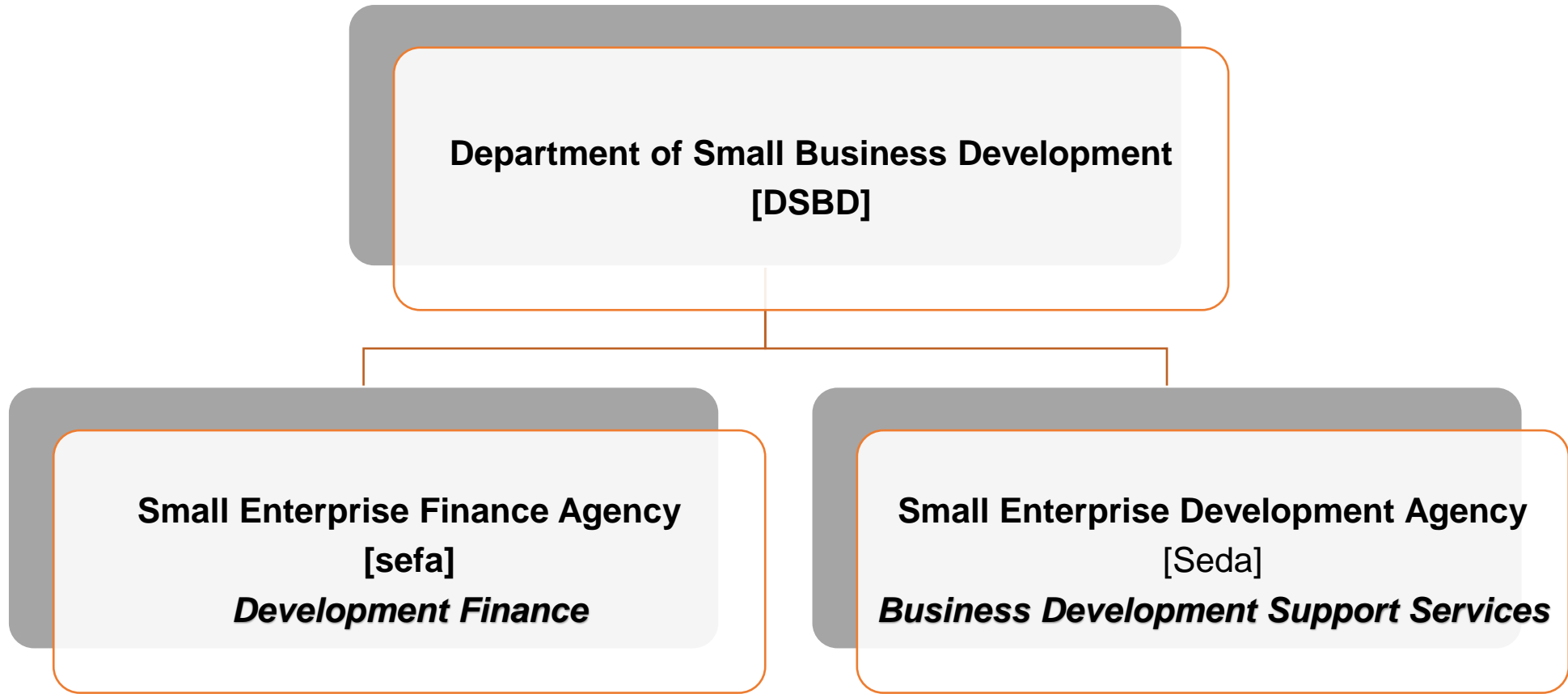
sefa

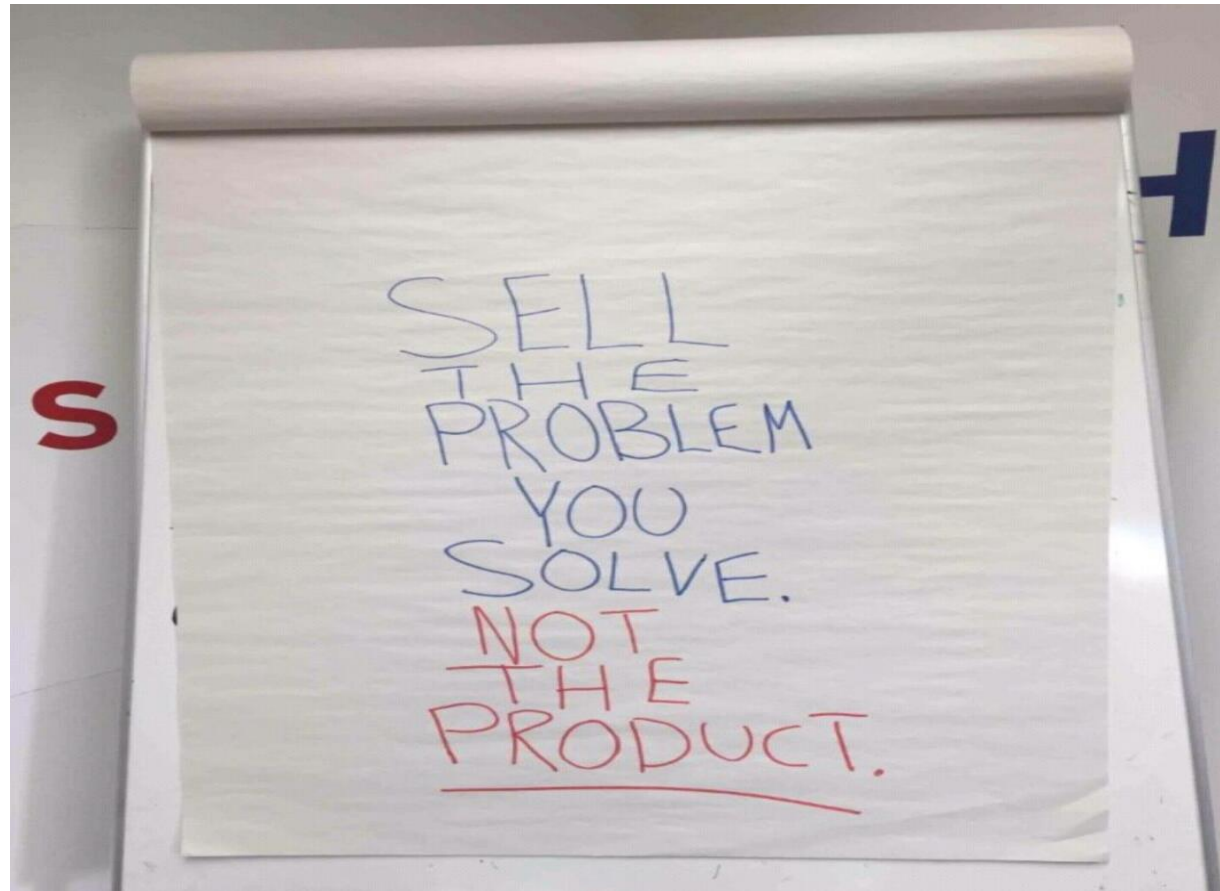
Small Enterprise Finance Agency

**Building Towards Economic
Recovery by Deepening
Access to Finance to
the SMME sector**

Products & Services

DSBD Portfolio





What is it that you can offer and your competition cannot?
It must be a sustainable solution and needed by your customers



The Sweet Spot



Market Position

Priority Target Groups

- Youth
- Entrepreneurs with disabilities
- Military veteran entrepreneurs
- Women
- Enterprises in rural communities and townships
- Black entrepreneurs

*Crowding-in private sector
financers (additionality)*

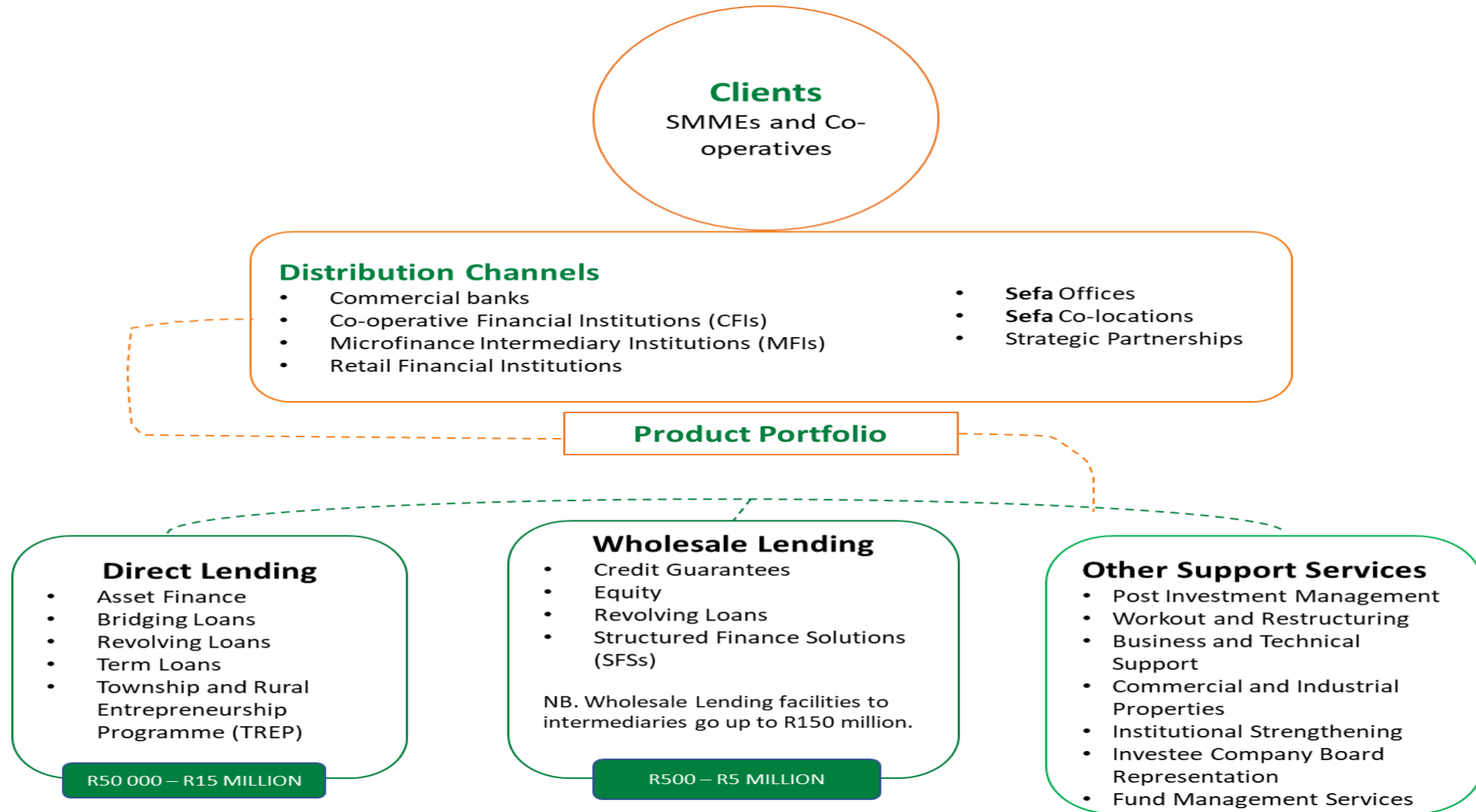
*Provides funding to all qualifying
entrepreneurs with specific
emphasis on under-served
SMME segments*

Addressing Market Failures

- High **appetite for risk** – that can be mitigated
- Provision of capital and/or interest **moratorium** up to 12 months
- Financing for **start up businesses**
- Targets smaller loans - **below R500k**
- Provision of pre and post loan **business support**
- Provision of funding to entrepreneurs with default judgements – on a case by case basis
- Lending not based on **security** backing
- Own **contribution** dependent on entrepreneurs circumstances and business' ability to carry debt



Operational Model



What documentation do you need to apply?

1. Application form
2. Surety form (where applicable)
3. Certified copy of ID and that of Spouse (*if married In Community of Property [ICOP]*)
4. Marriage certificate (*where applicable*)
5. Short CV of the members/directors/ shareholders/ trustees, etc
6. Proof of residence – utility bill / sworn affidavit (*not older than 3 months*)
7. Valid Tax Clearance Certificate
8. Company registration documents e.g. CK2, company profile
9. Proof of CIPC/CIPRO annual fees
10. Six months latest bank statement (*personal and business*)
11. Loan breakdown
12. Supporting quotations (*with contact person and banking details of supplier*)
13. Personal Income and Expenditure Schedule and Assets & Liability Statement
14. Proof of own contribution and source (*if applicable*)
15. Member's resolution to apply (*if applicable*)
16. If a judgment, notice, default is issued against the applicant, a letter or document to prove that arrangements are made to settle the account or proof that the account is settled must be provided
17. Historic financial statements (*not less than 3 years – if applicable*)
18. Up to date management accounts (*if applicable*)
19. Debtors age analysis (*if applicable*)
20. Creditors age analysis (*if applicable*)



What documentation do you need to apply...cont?

TERM LOANS AND ASSET FINANCE

- Business plan
- Cash flow projections
- Lease agreement (*if applicable*)
- Franchise agreement (*if applicable*)

BRIDGING LOAN APPLICATIONS

- Project plan and projections
- Copy of contract or order
- Completion certificate for previous work done (*for construction projects only*)
- NHBRC and CIDB (*for construction projects only*)
- Bill of quantities (*for construction projects only*)



Eligibility criteria

- i. Applicants must be **South African citizens**, with valid South African Identity Documents or legal entities controlled by South African Citizens with a valid South African Identity Documents or permanent residents who hold a valid RSA ID document
- ii. Be **legally constituted** including sole traders with a fixed physical address
- iii. The financed operations must be **conducted within the borders of South Africa**, and the controlling interest (>50%) of the business enterprise must be held by a South African Citizens with a valid South African Identity Documents or permanent residents who hold a valid RSA ID document
- iv. If **sefa** finances transactions that take place outside its borders or of an export nature **sefa** must be satisfied that the **proceeds will be remitted to RSA**
- v. The enterprise(s) must be compliant with **generally accepted corporate governance** practices appropriate to the client's legal status
- vi. The project must demonstrate ability to create new jobs as well as the desired level of **development impact**



Exclusions

- i. Shareholder initiated exclusions, or business whose trade or operations may **prejudice the reputation and good standing of sefa**
- ii. Speculative real estate
- iii. Speculative trading and hedging for the Institution's own position
- iv. Political parties or organisations
- v. Leveraged buy-out funds or listed companies
- vi. Loans to refinance existing debts
- vii. People under **debt review**, or **unrehabilitated insolvents**, as well as businesses under **business rescue or liquidation**
- viii. Business relationships and transactions with entities and individuals that contravene, in any way, the provisions of certain legislation; Entities/individuals whose primary business involves **arms related transactions**
- ix. **Religious entities - NPOs** and any other activities which could cause a moral dilemma for sefa;



Exclusions

- i. Companies involved with child labour
 - ii. Transactions that **do not contribute positively to development impact**, or ventures inconsistent with the mandate of sefa
 - iii. Companies whose primary business involves gaming and gambling, or “**morally harmful**” industries – tobacco, liquor, sex trade
 - iv. Business relationships/transactions that transgress tax, accounting, regulatory requirements as well as societal norms and environmental legislation
 - v. Any business relationships/transactions that may have the potential to threaten or damage sefa’s reputation or cause a breakdown in trust and confidence in the Institution
 - vi. Primary Agriculture, except for cash crops
 - vii. Entities where sefa employee or board member has a financial interest
 - viii. Individuals and entities listed on the IDC Delinquency register
- Immediate family members of a sefa employee or a Board member, which includes life partners, parents and children



Pricing Structure

- Prime based interest rate
- Margin for risk
- Discount for developmental impact
 - Jobs
 - Youth
 - Gender
 - Rural
 - Entrepreneurs with disabilities (7% fixed)
 - Military veterans (9%)
- Initiation fee = percentage of loan amount (once-off)

Payment Terms	Maximum Fee (Negotiable)
Less than 12 months	5%
13 – 24 months	4%
25 – 36 months	3%
37 – 48 months	2%
49 – 60 months	1%



Amavulandlela Funding Scheme

- The scheme offer entrepreneurs with disabilities credit facilities ranging from **R50 000 up to R15 million**
- Preferential fixed interest rate of **7% per annum**
- Repayment terms for facilities will be up to 60 months. The actual loan duration will be subject to the projected cash flows of the business
- Normal **sefa** loan administration fees will apply

Additional Customised Benefits

The scheme offers the following non-financial support:

- Pre-Approval Assistance (only if required)
 - Will be for up to **5% of the total intended investment but not exceeding R75 000**
 - Will be targeted assistance to bring the application to a bankable stage, including mentoring, technical assistance, sourcing and negotiating with suitable suppliers
 - Repayable grant and shall have a moratorium of 3 months after disbursement (if the loan application has been approved)
- Post-Approval Assistance (for a maximum amount of up to R350 000)
 - This will be used for in-depth mentoring and coaching as well as any other business support required up to 2 years



Inyamazne Funding Scheme

- The scheme offers military veterans credit facilities ranging from **R50 000 up to R15 million**
- Preferential fixed interest rate of **9% per annum**
- Repayment terms for facilities will be up to 60 months. The actual loan duration will be subject to the projected cash flows of the business
- Normal **sefa** loan administration fees will apply

Additional Customised Benefits

The scheme offers the following non-financial support:

- Pre-Approval Assistance (only if required)
 - Will be targeted assistance to bring the application to a bankable stage
- Post-Approval Assistance
 - This will be used for in-depth mentoring and coaching as well as any other business support required up to 2 years



**TOWNSHIP AND RURAL ENTERPRISE PROGRAMMES
[TREP]**

TREP Thresholds

Programme	Financial Support
Small Scale Bakeries and Confectionaries Scheme	<ul style="list-style-type: none">• The financial package is structured at a maximum value of R350 000 that consist of:• Maximum of R350 000 towards working capital, cost of equipment, or any other CAPEX• The financial package will be offered in the form of a blended finance with a maximum grant of R50 000.
Butcheries Support Programme	<p>The financial package is structured at a maximum value of R350 000 that consist of:</p> <ul style="list-style-type: none">• Maximum of R350 000 towards working capital, cost of equipment, or any other CAPEX• The financial package will be offered in the form of a blended finance with a maximum grant of R50 000.
Clothing, Leather and Textile Support Scheme	<ul style="list-style-type: none">• The financial package is structured at a maximum value of R350 000 that consist of:• Maximum of R350 000 towards working capital, cost of equipment, or any other CAPEX.• The financial package will be offered in the form of a blended finance with 50% of the total approved amount being a Grant (i.e. maximum grant amount of R50 000).
Tshisanyama and open-air cooked food businesses Support	<ul style="list-style-type: none">• The financial package is structured at a maximum value of R350 000 that consist of:• Maximum of R350 000 towards working capital, cost of equipment, or any other CAPEX• The financial package will be offered in the form of a blended finance with 50% of the total approved amount being a Grant (i.e. maximum grant amount of R50 000).

TREP Thresholds (cont.)

Programme	Financial Support
Personal Care Services Support Scheme	<ul style="list-style-type: none">• It uses blended funding model of 50% portion loan and 50% grant funding to the maximum of R50 000 per enterprise• It covers working capital and cost of equipment• The loan repayment period of 36 months will be applied at interest rate of 5%
Spaza Shop Support Programme	The total amount is R15 000 [70% grant and 30% loan]
Automotive aftermarkets support	<ul style="list-style-type: none">• Maximum of R500 000 (R400 000 equipment and R100 000 working capital) for motor body repairers, mechanics, and auto spares shops and auto fitment centres.• The R500 000 will be provided by the commercial banks with a credit guarantee from sefa.



Small Enterprise Manufacturing Support Programme [SEMSP]



Building Towards Economic Recovery by Deepening Access to Finance to the SMME sector

Types of support - SEMSP

Financial support

- Funding to **purchase machinery and equipment** for the various manufacturing sub-sectors that will be supported
- **Working capital** for for the various manufacturing sub-sectors that will be supported
- Funding for **product accreditation, certification** and **testing**

Funding terms

- Funding of up to a maximum of **R15 million** per small enterprise
- The term of the funding will be determined by the business cash flows up to a maximum of **84 months** per small enterprise with a **maximum moratorium of 6 months**
- **Blended finance instrument** will be utilised where up to **20% of the funding required could be a grant** and the balance could be a loan
- The loan will be repayable at **prime lending rate**



Eligibility criteria - SEMSP

The applicant must:

- **Be a registered legal entity** in South Africa in terms of the Companies Act, 1973 (as amended); Close Corporations Act, 1984 (as amended); and the Cooperatives Act, 2005 (as amended).
- Be a **100% owned by South African citizens**.
- Have been in operation for **at least two years prior**.
- Be predominantly **black-owned (51%)**.
- Have a predominantly **black management team (51%)**.
- Be registered and compliant with the **South African Revenue Service** (where applicable).
- Must be registered on the **National SMME Database** – <https://smmesa.gov.za>



Application Requirements - SEMSP

1. Complete the simplified online application platform
2. Company statutory documents
3. FICA documents
4. Certified ID copies of Directors/Members
5. 6 months bank Statements
6. Latest AFS and/or Management Accounts not older than 3 months from date of application (Statement of Financial Performance and Statement of Financial Position) – where applicable
7. Business Profile
8. Project Execution Plan
9. 12 months Cash Flow Projections (with clear assumptions) – where applicable
10. Copy of Lease Agreement or Proof of Ownership
11. Relevant industry certification – where applicable
12. Copy of Contract or Purchase Order
13. Facility Statements of Other Funders - where applicable
14. Quotations for applied funding



Funding Template

<https://systems.sefa.org.za/SMMEPortal>

1. Company Information

2. Shareholder(s) Information

3. Company Structure

4. Business Operations

5. Products and Services

6. Market (Industry) Analysis

7. Target Market

8. Marketing Strategy

9. Sales Strategy

10. Competitive Environment

11. Location

12. External Environment (PEST)

13. Funding Requirements

14. Financial Model

15. Banking Information

16. Supplier Information



17. Staffing

18. Compliance Environment

19. SWOT Analysis



sefa's Footprint

-  **sefa** Offices
-  Co-locations

Specialised access points, and other access points are not indicated on the map.



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THANK YOU.



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