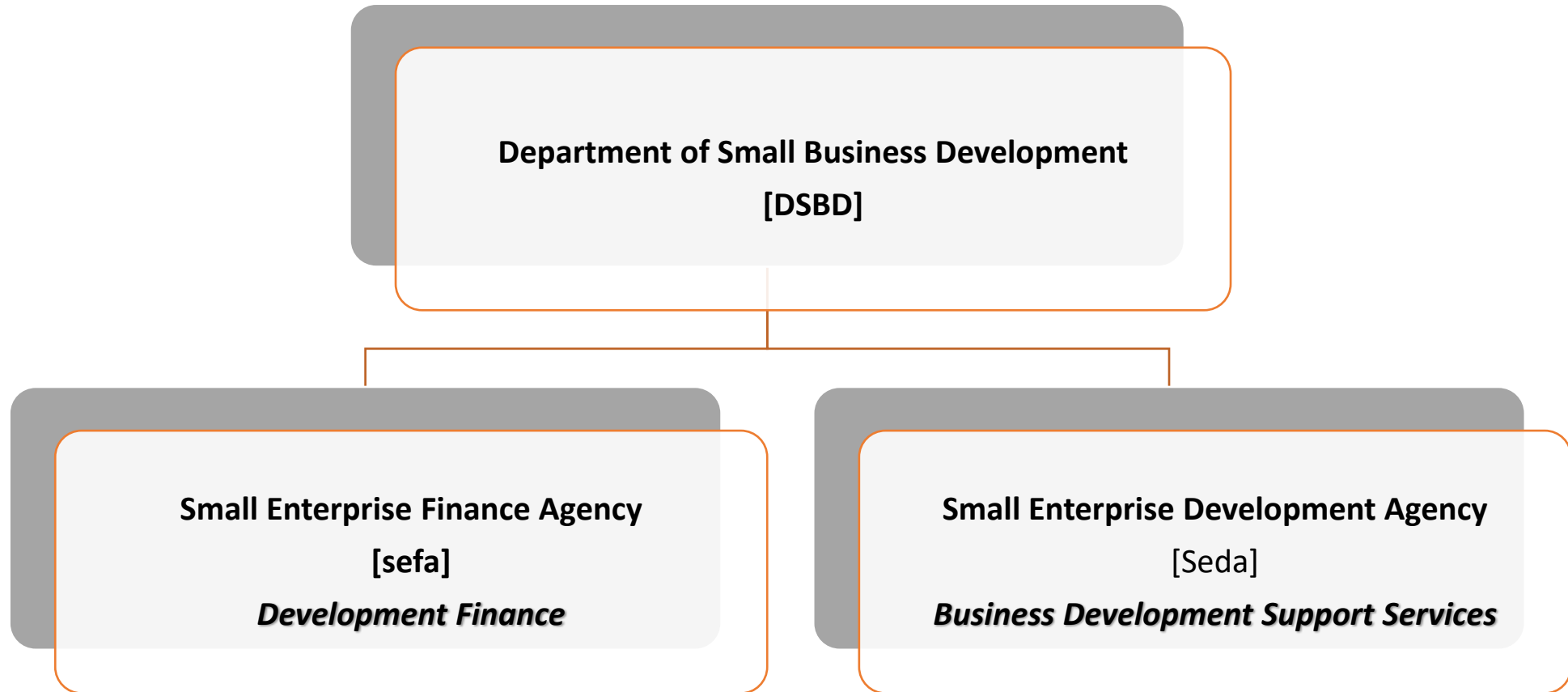


**Building Towards Economic  
Recovery by Deepening  
Access to Finance to  
the SMME sector**

**sefa**  
Small Enterprise Finance Agency

*Products & Services*

# DSBD Portfolio



# DIRECT LENDING CHANNEL

# Asset Finance

- This is a provision of finance for the acquisition of fixed assets for use in the operation or expansion of the business, with each advance repayable monthly on an amortised basis including interest
- ISAs as the name implies should be fully secured and registered in **sefa**'s name before the delivery of such assets to the client
- Such assets should also be fully insured by the client to the full value of the asset and ceded to **sefa** before the client takes delivery of such assets
- For vehicles financed under ISA, the asset shall be installed with a tracking device at the expense of the client
- The tracking company shall note **sefa**'s interest and give **sefa** access to such tracking device for the recovery of the vehicle in the event of a default
- The client also has an obligation to return to **sefa** any asset that has been financed by **sefa** in the event of the client having difficulty in amortising the loan
- The sale of such asset by **sefa** shall be used to either offset or reduce the outstanding amount
- The client is liable for the difference between the proceeds (net of selling costs) from the sale of such asset and the outstanding loan amount



# Term Loan

- Term loans offer businesses the cash they need to acquire other forms of moveable assets
- Unlike asset financing, term loans are used to acquire moveable assets that cannot be identified by means of serial numbers (e.g. office furniture, fixtures and fittings, etc)
- The purpose of the loan is to finance longer term working capital requirements, specific capital acquisition and/or business expansion projects
- The useful life of the asset to be financed as well as the cash flow projections are used as a guideline in determining the tenure for a term loan facility



# Bridging Loan/Contract Finance

- This product is for businesses that do not have sufficient capital to fulfil their tenders or orders
- This is a short term loan that is provided to an enterprise to finance working capital such as stock and/or operating overheads
- Depending on the nature of the transaction, the documentation required for the assessment of such transactions may not require a business plan
- The client shall obtain a cession of payment in favour of **sefa** where possible
- However, in the absence of a cession of payment in favour of **sefa**. The client is expected to confirm the following undertaking:
  - joint bank account, where applicable
  - under no circumstance shall the banking details on the contract change without prior notification of the financier
  - that they shall supply a progress report on the completion status of the contract on a monthly basis or when requested by **sefa**
- In the event of failing to secure the above, the credit committee shall use its discretion on whether to approve or decline the transaction
- It is compulsory that all contracts are verified in terms of its authenticity
- Telephonic verifications are not acceptable



# Revolving Loan

- This product is available to **sefa**'s clients to facilitate short-term capital requirements
- The capital repayments plus interest are structured in relation to the cash flow projections of the borrower
- The loan duration of such nature shall be a maximum of 36 months and reviewed every 12 months
- This is a line of credit whereby an enterprise is allowed to use the funds as and when they are needed
- It is usually used for clients who have contracts with a predetermined lifespan and monetary value
- Revolving credit facilities are mainly used for operating purposes and the loan amount vary from month to month depending on the client's current cash flow needs





# Eligibility Criteria

- Natural Persons: Applicants must be South African citizen, with valid South African identity document; a. Naturalised South Africans as defined in terms of BBBEE Act no 53 of 2003
- Juristic Persons: legally constituted including sole traders with a fixed physical address, Partnerships, Cooperatives, Non-Profit Organisations that function as social enterprises, Close Corporations, Private Companies (PTY LTD) and Public Companies (LTD)
- The financed operations must be conducted within the borders of South Africa
- Borrowing legal entity must be be > or = to 51% black ownership
- Controlling interest (100%) of the business enterprise must be held by a South African citizen with a valid South African identity document
- The applicant shall ensure that the business maintains a staff compliment consisting of at least 95% South African citizens with a valid South African identity document throughout the duration of the loan tenure
- At least one member/shareholder should be operationally involved in the business
- The project must demonstrate ability to generate the level of development impact as stated in the **sefa** Corporate Plan such as job maintenance and or creation and economic empowerment
- The business should be sustainable and commercially viable with specific reference to loan repay-ability
- Risk taking by the entrepreneur which can be reflected in own financial contribution, equity and personal sureties





# Target Market

## DESIGNATED GROUPS

- Black entrepreneurs
- Women owned and managed businesses
- Youth owned and managed businesses
- Entrepreneurs with disabilities
- Enterprises in rural communities and townships

## PRIORITY SECTORS

- Services (including retail, wholesale, IT and tourism, transport logistics)
- Manufacturing (including agro-processing)
- Agriculture (specifically land reform beneficiaries and micro-farming activities);
- Construction
- Mining services and processing
- Green industries (renewable energy, waste, and recycling management)



# Exclusions

- Business whose trade or operations may prejudice the reputation and good standing of **sefa**
- Speculative real estate - refers to the buying of property with the hopes of reselling it at a higher price in the near future
- Speculative trading and hedging
- Political parties or organisations
- People under debt review, or unrehabilitated insolvents, as well as businesses under business rescue or liquidation
- Business relationships and transactions with entities and individuals that contravene, in any way, the provisions of relevant legislation
- Entities/individuals whose primary business involves arms and ammunitions related transactions
- Entities/individuals involved with child labour
- Transactions that do not contribute positively to development impact, or ventures inconsistent with the mandate of **sefa**
- Entities operating in morally reprehensive sectors as defined by the Department of Trade Industry and Competition
- Entities involved in labour broking activities
- Business relationships/transactions that transgress tax, accounting, regulatory requirements and environmental legislation
- Entities where a **sefa** employee or Board member has a financial interest
- Individuals and entities listed on **sefa** and IDC as well as other DFI's Delinquency registers as well as National Treasury Supplier restricted database
- Entities where immediate family members of a **sefa** employee including a seconded employee and a Board member, which includes life partners, parents and children have financial interest in
- Acquisition of loss-making businesses without prospects of financial sustainability



# Amavulandlela Funding Scheme

- The scheme offer entrepreneurs with disabilities credit facilities ranging from **R50 000 up to R15 million**
- Preferential variable interest rate – Prime less **5% 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



# Inyamazane 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



# Small Enterprise Manufacturing Support Programme [SEMSP]



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# 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>





# 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*)



# 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 (Political; Economic; Social; Technology; Environmental; Legal)
13. Funding Requirements
14. Financial Model
15. Banking Information
16. Supplier Information
17. Staffing
18. Compliance Environment
19. SWOT Analysis



# TOWNSHIP AND RURAL ENTERPRISE PROGRAMMES [TREP]

# TREP - Objectives

❑ The Scheme is aimed at supporting small enterprises to:

- ✓ participate in the rebuilding and restructuring of the economy in townships and rural areas;
- ✓ necessitated by the emergence of the new world order;
- ✓ improve the quality and competitiveness of small enterprises for both domestic supply and export market;
- ✓ seize opportunities in various sectors availed by the Covid-19 pandemic through the value chains and beyond.



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# TREP – Business Sectors

❑ The Scheme supports **all small enterprises operating in townships and rural areas** that meet the qualifying criteria including but not limited to the following sectors:

- ✓ Clothing & Textile
- ✓ Bakeries & Confectionaries
- ✓ Tshisanyama and Cooked Food
- ✓ Retail (including restaurants, car washes, general dealers etc.
- ✓ Automotive
- ✓ Personal Care
- ✓ Artisans



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# TREP – Nature of support

## ❑ What does the Scheme cover:

- ✓ Cost of production inputs, e.g., material, equipment, machinery, tools, etc.
- ✓ Working capital including salaries, rent etc.
- ✓ Assistance with compliance and technical skills improvement, e.g., labelling, industry standards and quality etc
- ✓ Business and financial management training, including productivity management
- ✓ Facilitated market access



# TREP Financial Support

❑ The financial package is structured at a maximum value of R1 000 000 that consist of:

- ✓ Maximum of R1 000 000 towards working capital, cost of equipment, or any other CAPEX (paid directly to supplier where applicable)
- ✓ 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 R100 000.

- *Example - 1: Total funding applied for R100 000 = R50k loan and R50k grant*
- *Example - 2: Total funding applied for R150 000 = R75k loan and R75k grant*
- *Example - 3: Total funding applied for R250 000 = R150k loan and R100k grant*
- *Example - 4: Total funding applied for R1 000 000 = R900k loan and R100k grant*

❑ Loan Repayment Terms

- ✓ Maximum 60 months repayment period dependent on cashflows.
- ✓ Interest rate at fixed rate of 5%.
- ✓ 6 months moratorium (on capital and interest)





# TREP - Business Development Support

☐ The following Business Development Support linked to the Scheme will be coordinated through Seda:

- ✓ Compliance with applicable standards for products
- ✓ Business and financial management training and mentorship through participants in the Business Services support scheme

☐ Conditions for Participating in the Scheme:

- ✓ Willing to participate in the DSBD/ Seda facilitated business development process



# TREP – Eligibility Criteria

## ❑ Who can apply?

- ✓ An entity registered with CIPC including cooperatives;
- ✓ The business must be 100% owned by South African nationals;
- ✓ Employees must be 70% South Africans, and in the case of non-South African employees – they must hold valid work permits;
- ✓ The enterprise must be operating in a township or rural area;
- ✓ The enterprise or its owner must possess or willing apply for a business license after the funding has been provided, with the local municipality;
- ✓ The enterprise must be registered or must apply for registration with SARS and UIF;
- ✓ The enterprise must have a valid business bank account or willing to open and operate a business account



# TREP – Application Process

## □ How to apply:

- a. Application form is available on sefa internet [www.sefa.org.za](http://www.sefa.org.za)
- b. On the option <<apply for finance>>, choose TREP and get application form.
- c. Upload the required statutory and supporting documents, as outlined under Annexure “1” of the TREP Application Form



# WHOLESALE LENDING CHANNEL

drink



# Thali's Snack Bar

drink



## SPAZA SHOP SUPPORT SCHEME



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# SPAZA SHOP SUPPORT SCHEME

## The financial package

- Maximum of R15 000 (70% - grant & 30% - loan)

## Loan Repayment Terms

- Revolving credit
- 60 days interest free and thereafter minimum payment as per credit card rules
- Failure to settle the amount in 90 days will result in card being blocked

## Business development support

- Networking or purchasing power (bulk buying)
- Coordinate and support bulk buying on a pre-approved basket of goods and distribution
- Business knowledge
- Provide basic book keeping and customer service training
- Facilitate for access to basic business tools
- Health and hygiene support
- Support to meet the health and occupational health and safety standards
- Legal compliance
- Facilitate for the licensing of owner-operated Spaza shops in accordance with the law CIPC, SARS and UIF registration
- Business banking account



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## SPAZA SHOP SUPPORT SCHEME

### Who can apply?

- The spaza must be owner-managed and operated
- Owner must have a valid SA identification document
- Spaza shops must hold license/permit to trade
- Registered or willing to register as a legal entity (CIPC, SARS, UIF, etc.)
- Undertaking to comply with the Consumer and Customer Protection and National Disaster Management Regulations and Directions
- Willing to submit monthly management
- 70% Employees South African
- Minimum trading period (6-Months)
- Have a valid business bank account (including newly opened)
- Willing to participate in the bulk buying scheme
- Operating in a township or rural area

**Applications must submitted to Standard Bank, Nedbank branches or Boxer Supermarkets**



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





# INFORMAL TRADERS SUPPORT PROGRAMME

## INFORMAL TRADER GRANT (ONCE-OFF)

### The financial package:

- A grant in the amount of R3000 will be awarded to selected informal traders through Nedbank Mobi Money wallet
- Applications must be completed and submitted by an Association, LED office or SEDA branch office
- No individual applications from informal traders will be considered
- Completed application forms with ALL supporting documents must be emailed to [sefainformaltraders@nedbank.co.za](mailto:sefainformaltraders@nedbank.co.za) or [trep@sefa.org.za](mailto:trep@sefa.org.za)

### Eligibility Criteria for Informal Traders:

- Participants must be SA Citizens or have permanent residence
- Participants must be natural persons in possession of valid ID documents
- Participants must be over the age of 18



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

# ELIGIBILITY CRITERIA

- The applicant must be a juristic person legally constituted with a fixed physical address, Partnerships, Cooperatives, Non-Profit Organisations that function as social enterprises, Private Companies (PTY LTD) and Public Companies (LTD)
- The business model should be sustainable and commercially viable (i.e. profit/surplus and performance)
- The entity should have a strong SMME and/or co-operative focus, with a strong developmental agenda, a bias towards women, youth, persons with disabilities and rural development, and where possible co-operatives and micro/informal business
- The wholesale lender shall ensure that the businesses funded shall maintain a staff compliment consisting of at least 95% South African citizens with a valid South African identity document throughout the duration of the loan tenure
- The project must demonstrate ability to generate the level of development impact as stated in the **sefa** Corporate Plan such as job maintenance and or creation and economic empowerment
- Preference will be given to intermediaries with > or = to 51% black ownership
- The financed operations must be conducted within the borders of South Africa
- The business must have a clearly defined target market in line with **sefa**'s strategic objectives





# TYPES OF FACILITIES

## **Credit Indemnity Scheme (Khula Credit Guarantee Scheme “KCG”)**

- The purpose of the scheme is to encourage the leveraging of funding by commercial funding institutions by providing these institutions with the security shortfall for SMMEs who are able (other than by providing security) to justify facilities in the formalised financial market
- The scheme consists of a fund that offers a credit guarantee to financial institutions to provide finance for SMMEs
- The scheme is aimed at assisting SMMEs in obtaining finance from financial institutions to establish a new business, expand or acquire an existing business in circumstances where they would not, without the support of indemnity cover, qualify for such financing in terms of the institution's lending criteria
- The three broad categories of indemnities available are individual, portfolio and supplier credit.

## **Supplier Credit Programme**

- This programme which falls under KCG is an initiative by KCG to encourage suppliers of input goods to SMMEs, by indemnifying suppliers against possible default by the SMMEs
- KCG therefore negotiates with suppliers of “input good” to extend credit to qualifying SMMEs
- The expected outcome of this product is to increase access to credit for SMMEs particularly those businesses that are unable to access the traditional banking facilities

## **Agriculture finance**

- **sefa's** agriculture finance consists of Value Chain Finance and Land Reform Empowerment Facility
- Agriculture finance refers to financial services ranging from short-medium-and long-term loans, leasing crop and livestock insurance, covering the entire agriculture value chain-input supply, production and distribution, wholesaling, processing, and marketing.



# TYPES OF FACILITIES

## Structured Finance Solutions (SFS)

- SFS is a partnership between **sefa** and one or more organisations geared towards providing a seamless financial and non-financial intervention to a targeted group of SMMEs
- Through this arrangement, each member of the partnership will focus on its primary area of expertise and competencies to complement each other in support of the SMMEs
- This targeted intervention will either be a niche market, industry, sector, unique product offering or targeted group
- A typical partner is involved in the development of SMMEs at different stages of their respective value chains and growth
- **sefa**'s role will be to compliment the technical partner by providing finance to the SMME/co-operative

## Equity investments

- **sefa**'s equity investments may take a variety of forms, including ordinary shares, preference shares, and convertible preference shares with or without participation features such as subordinated loans, shareholders loans and royalty payments
- Mezzanine debt structures can also be considered

## Joint ventures and funds

- Joint ventures can take the form of incorporated (with special purpose vehicle) or unincorporated joint ventures (management of funds on behalf of **sefa**)
- Funds come in the form of an equity stake in the fund by **sefa**, either from the formation of new or existing special purpose vehicles (SPVs)
- The purpose of joint venture and funds is to leverage off specialised skills and/or market reach of the participating parties/investors who contribute finance
- Joint ventures and funds can be between **sefa** and a technical partner
- **sefa**'s role will be to complement the technical partner by providing finance to the SMME/Cooperatives.

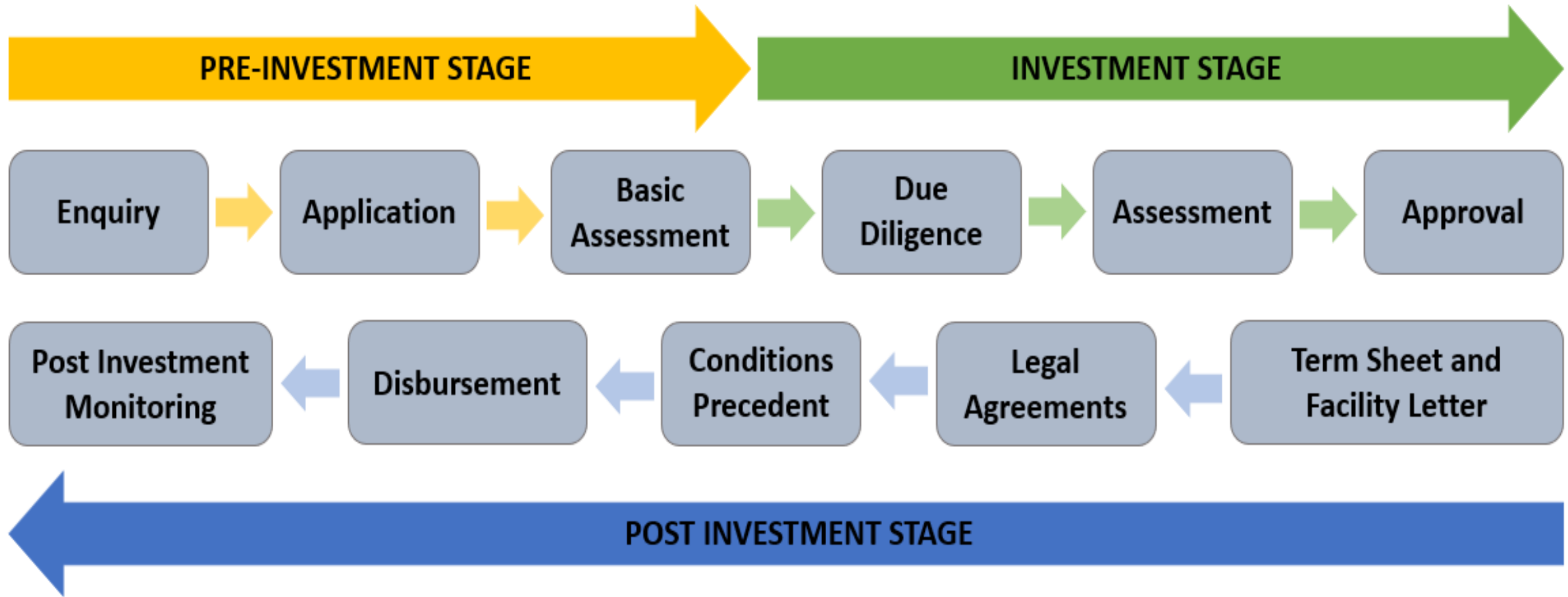


# LOAN DURATION

Instrument	Term
<ul style="list-style-type: none"><li>• Credit Indemnity Scheme</li><li>• Supplier Credit Programme</li><li>• Agricultural Finance</li><li>• Structured Finance Solutions</li><li>• Equity Investments</li><li>• Joint ventures and Funds</li><li>• Asset Finance / Instalment Sale Agreements</li><li>• Commercial Property Finance</li><li>• Term Loan</li></ul>	120 months
Revolving Loan	36 Months
Bridging Loan / Contract Finance	12 Months

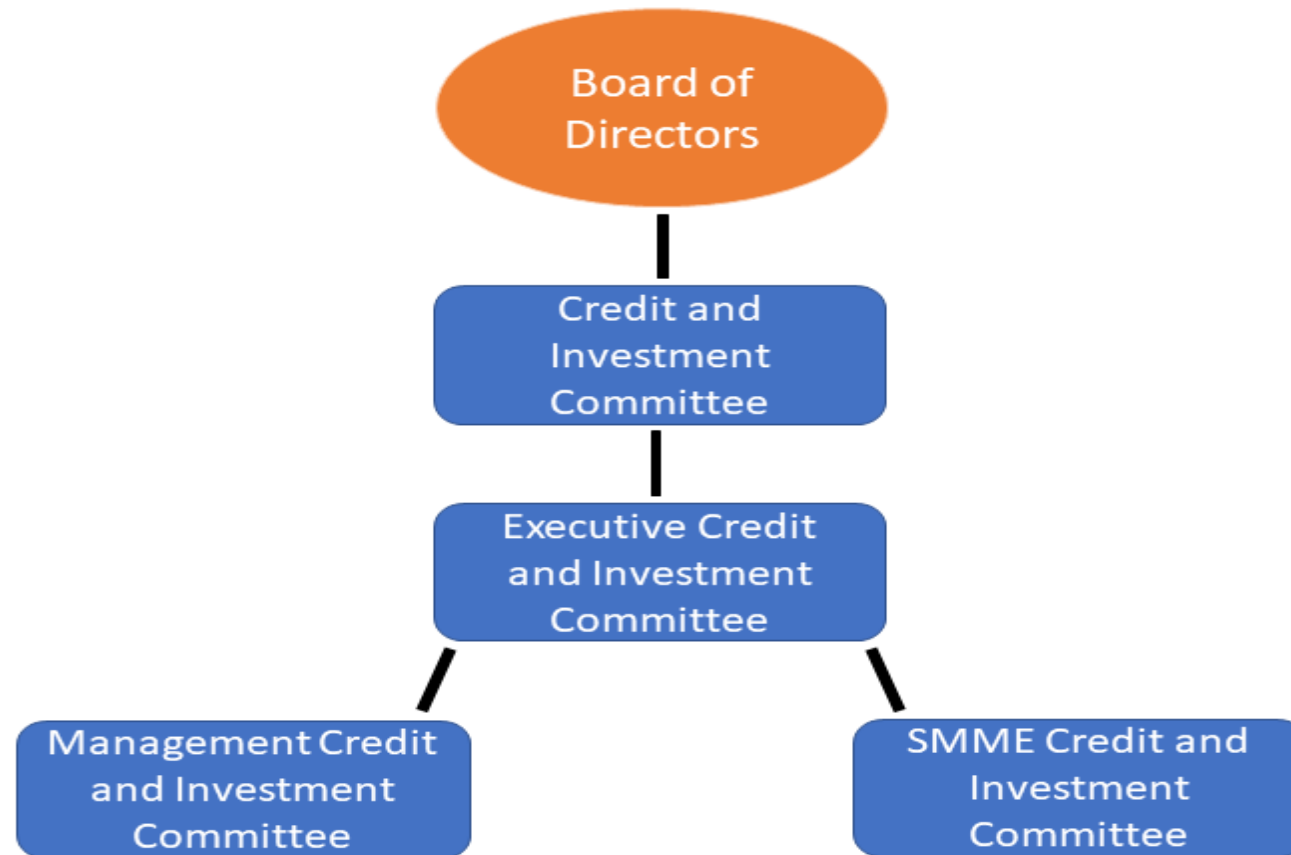


# DEAL ORIGINATION OF CREDIT AND INVESTMENT PROPOSALS





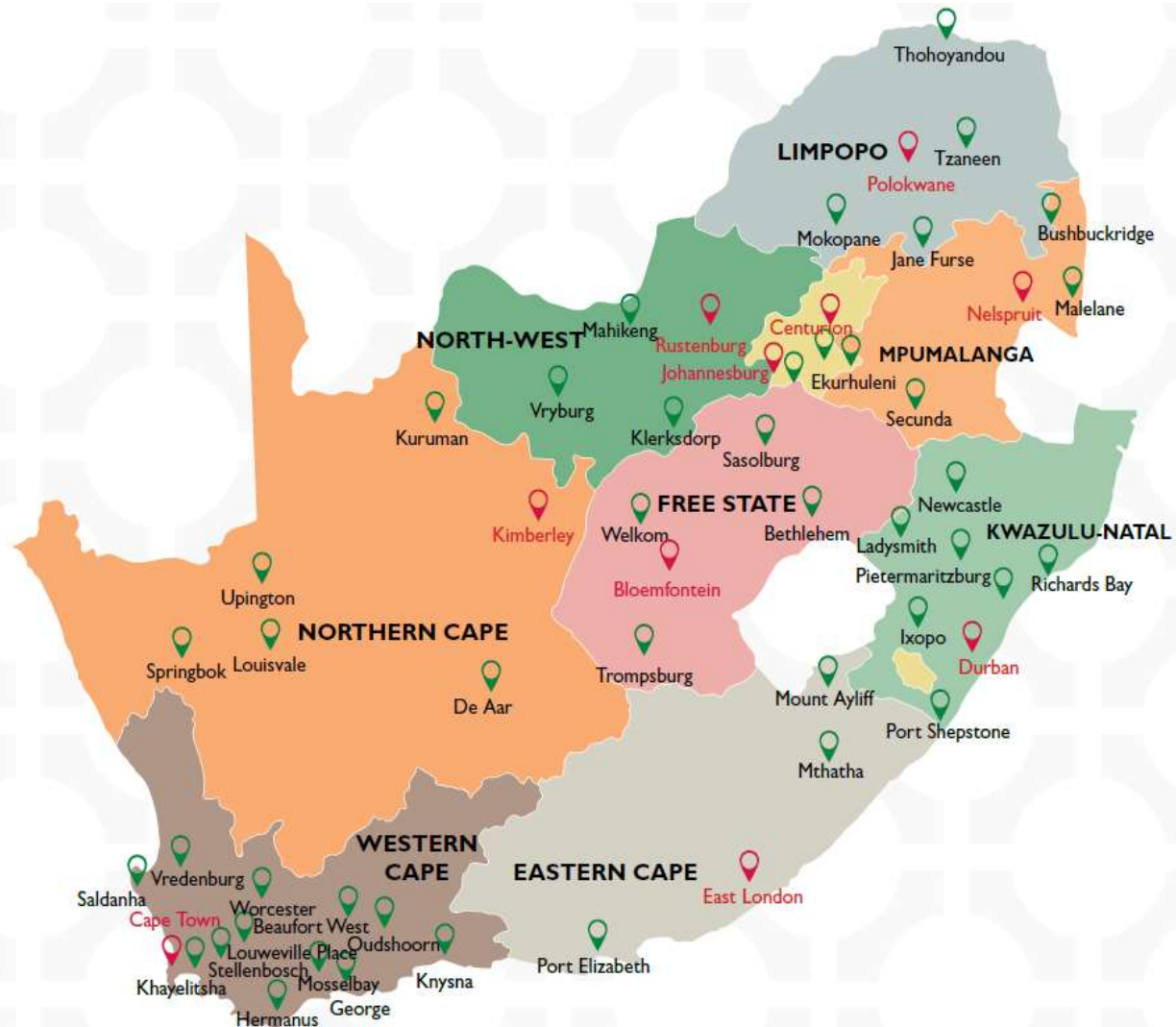
# Governance Committees Structure



# sefa's Footprint

 **sefa** Offices  
 Co-locations

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



CONTACT US	
Website	www.sefa.org.za
Switchboard	27 12 748 9600
Central Email	<a href="mailto:helpline@sefa.org.za">helpline@sefa.org.za</a> / <a href="mailto:complaints@sefa.org.za">complaints@sefa.org.za</a>
Twitter	@TheRealSEFA
Facebook	SmallEnterpriseFinanceAgency
Linkedin	the-small-enterprise-finance-agency



# Thank You

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