



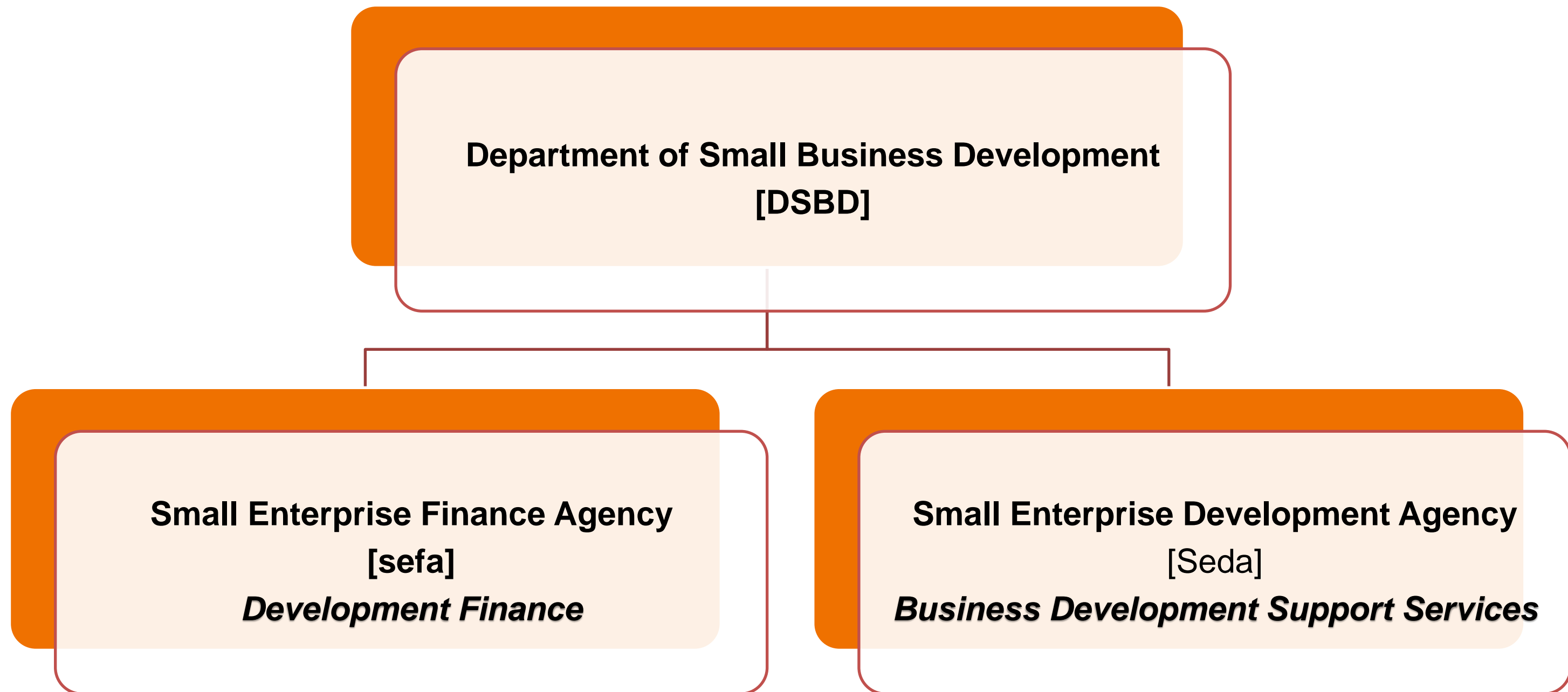
sefa

WOMEN & PWD WEBINAR

5 SEPTEMBER 2024

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DSBD PORTFOLIO

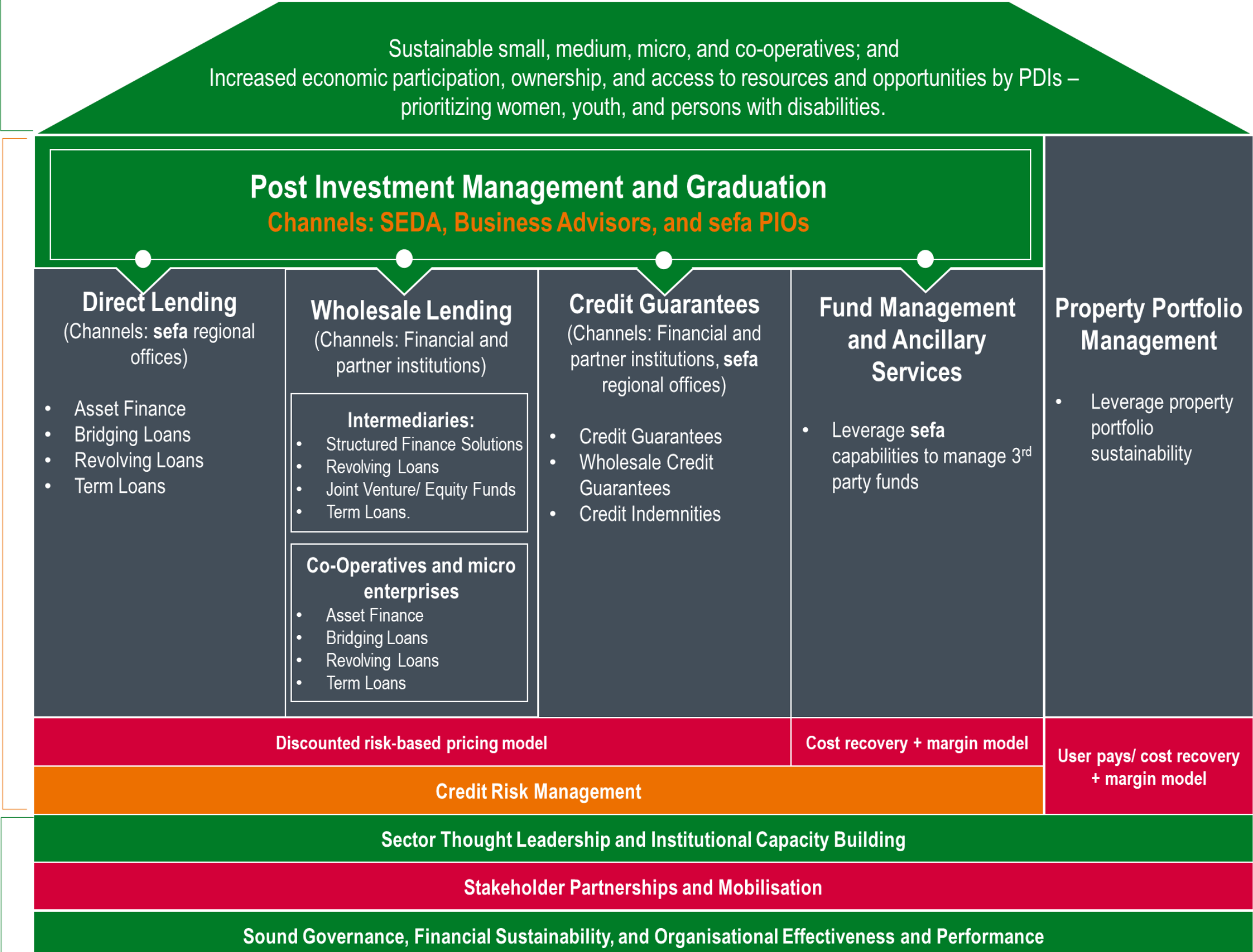


sefa's Operating Model, Distribution Channels & Products

The “What”-
impact of sefa's efforts

The “How”-
sefa's operations

The “Foundation”-
Underpinning
sefa's efforts



DIRECT LENDING PRODUCTS

Direct Lending Products

Asset Finance

- 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 Loans

- The term loan can be used for **moveable assets or other working capital expenditures** such as labour costs

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 Loans/Contract Finance

- This product is for businesses that do not have sufficient capital to fulfil their tenders or purchase 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, **sefa** 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 Loans

- 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 citizens, with valid South African identity documents; 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**
- **Controlling interest 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 complement 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 the **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 **their financial contribution, equity, and personal sureties**

Exclusions

- **Speculative real estate** - refers to the buying of property with the hopes of reselling it at a higher price in the near future
- People under **debt review**, or **unrehabilitated insolvents**, as well as businesses under **business rescue** or **liquidation**
- Entities/individuals whose primary business involves **arms and ammunition-related transactions**
- 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
- Individuals and entities listed on **sefa** and IDC as well as other DFI's **Delinquency registers** as well as **National Treasury Supplier restricted database**
- Acquisition of **loss-making businesses** without prospects of financial sustainability

DIRECT LENDING PROGRAMMES

Township and Rural Entrepreneurship Programme (TREP)

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



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 the 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., a maximum grant amount of R100 000.

Financing examples:

- 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 36 months repayment period dependent on cashflows.
- Interest rate at a fixed rate of 5%.
- 3 months moratorium (on capital and interest)

Township and Rural Entrepreneurship Programme - continued

Types of Businesses

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

Eligibility Criteria

- 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

Amavulandlela Funding Scheme

Financial Support

- The scheme offers 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



SMALL ENTERPRISE MANUFACTURING SUPPORT PROGRAMME (SEMSP)

Small Enterprise Manufacturing Support Programme

Financial support

- Funding to **purchase machinery and equipment** for the various manufacturing sub-sectors that will be supported
- **Working capital** 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 3 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 a **prime lending rate**

Eligibility criteria

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).

Youth Challenge Fund



Youth Challenge Fund...cont

Financial Support

- Both channels will receive a START-UP maximum of R2 million
- Both channels will receive GROWTH maximum of R15 million
- Within the red channel 40% will be allocated as a grant and 60% loan
- Within the blue channel 30% will be allocated as a grant and 70% loan
- Growth blended finance is 20% grant and 80% loan in both red and blue channels

	Red Channel	Blue Channel
Focus of Channel	Technology & Innovation	Other Sectors
Start-up Maximum per Enterprise	R2mil	R2mil
Start-up Blended Finance	40% grant / 60% loan	30% grant / 70% loan
Growth Maximum per Enterprise	R15mil	R15mil
Growth Blended Finance	20% grant / 80% loan	20% grant / 80% loan

Eligibility Criteria

In line with National Youth Policy, the YCF will be providing support to youth start-up businesses/enterprises that meet the following criteria:

- Are between the age of 18 to 35 years.
- Registered with CIPC, and willing to register with SARS & UIF (if not registered)
- 100% South African-owned enterprises
- Are adequately involved in the day-to-day operation and management of the business with at least one or more of the member/shareholders being a full-time employee of the business, especially the main applicant.
- Prepared to participate in BDS and mentorship (pre and post)
- Commercially viable, sustainable, and feasible business idea.

Tourism Equity Fund (TEF)

Tourism Equity Fund (TEF)

Key Focus Areas

- Business acquisitions
- Support existing operations for expansion
- The purchasing of capital equipment and infrastructure (“CAPEX”)
- Working capital and/or operating costs (“OPEX”)
- Capacity strengthening and innovation

Key Outcomes

- Ownership and transformation
- Employment creation
- Promote tourism and contribute to GDP
- Increase food security in South Africa
- Localisation and imports
- Sustainable development of SMMEs
- Enhance resilience to climate change and other macro economic factors

Funding Sub-Sectors

- Targeted sectors will include among others the following:
- **accommodation** including but not limited to hotels, lodges, resorts and self-catering units and backpacker facilities;
- **hospitality and related services** including but not limited to conference and convention venues attached to a substantial accommodation element, privately owned attractions in already developed tourism nodes;
- **travel and related services** including but not limited to travel agents, car rental companies, coach operators, tour operators; and
- **any other tourism-related products** which support tourism development imperatives and economic impact in terms of job creation, geographic spread and strengthening the tourism offering in RSA.

Application Checklist

Affordability testing

1. Cash flow projections
2. Loan Breakdown
3. Supporting quotations (with contact person and banking details of supplier)
4. Personal Income and Expenditure Schedule and Assets & Liability Statement
5. Proof of own contribution and source (if applicable)
6. If a judgment, notice, default is issued against the applicant, a letter or document to prove that arrangements are made to settle the
7. account or proof that the account is settled must be provided
8. Historic Financial statements (not less than 3 years – if applicable)
9. Up to date Management Accounts (if applicable)
10. Debtors Age Analysis (if applicable)
11. Creditors Age Analysis (if applicable)
12. Six months latest bank statement (personal and business)
13. Lease agreement (if applicable)
14. Franchise Agreement (if applicable)
15. Project plan and projections (contract financing)
16. Copy of Contract or Order

Know your client (FICA)

1. Certified copy of ID and that of Spouse (if married In Community of Property [ICOP])
2. Marriage certificate (where applicable)
3. Proof of residence – utility bill / sworn affidavit (not older than 3 months)

Capacity to deliver

1. Short CV of the members/directors/ shareholders/ trustees, etc.
2. Completion certificate for previous work done (for construction projects only)
3. Funding template or Company Profile (TREP)

Commitment

1. Surety Form (where applicable) – we don't require tangible security as we are a cashflow lender (risk capital)

Compliance

1. Valid Tax Clearance Certificate
2. Company Registration Documents e.g. CK2, Company Profile
3. Proof of CIPC/CIPRO annual fees
4. Member's resolution to apply (if applicable)

Funding Template

<https://www.sefa.org.za/uploads/files/files/Common-Funding-Template.pdf>

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

sefa's CONTACTS

CONTACT US	
Website	www.sefa.org.za – online application portal
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Facebook	SmallEnterpriseFinanceAgency
Linkedin	the-small-enterprise-finance-agency

NGIYATHOKOZA

DANKIE KE A LEBOGA

NGIYABONGA

NDIYABULELA

INKOMU NDI KHOU
LIVHUHA

THANK YOU