

INCENTIVE ROADSHOW

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Sea Point Civic Centre

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Regional Manager
Small Enterprise Finance Agency

Organisation Overview

Background

- DFI established in 2012 with a mandate to provide access to finance to SMMEs
- Merger of Khula and samaf (incorporating IDC's small business financing mandate)
- Wholly owned subsidiary of the IDC
- Provides funding ranging from R500 to R5 million to SMMEs and Cooperatives
- Distributes funding through wholesale (Khula and samaf models) and direct channels

Vision

To be the leading catalyst for the development of sustainable SMMEs through the provision of finance

Mission

- Providing finance to SMMEs on a wholesale and direct basis
- Providing business support services and capacity building
- Creating strategic partnerships for sustainable SMME development and support
- Monitoring the effectiveness and impact of finance provision and capacity development in the SMME sector

Products and Services

Financing Products

Direct Lending Channel	<ul style="list-style-type: none"> Trade Finance: <ul style="list-style-type: none"> Buy and Sell Transactions (once-off) Medium to Long Term Contracts (Multiple Purchase Orders) Revolving Loans
	<ul style="list-style-type: none"> Asset Finance (specific unique identifiable assets – e.g. serial numbers, etc.)
	<ul style="list-style-type: none"> Term Loans (general assets)
Wholesale Lending Channel	<ul style="list-style-type: none"> Business Loans – (RFIs/MFIs/CFIs)
	<ul style="list-style-type: none"> Joint Ventures – Specialised Funds
	<ul style="list-style-type: none"> Credit Guarantee Scheme (4 Big Banks)
	<ul style="list-style-type: none"> Land Reform Empowerment Fund (Land Reform Projects)

Non Financial Products

- Capacity Building (RFIs/MFIs/CFIs)
- Business Development Support (SMMEs and Cooperatives)
- Business Premises – Industrial and Commercial rental space - managed by JHI

Pricing Formula

- Initiation fee = percentage of loan amount (once-off)
 - Prime linked interest rate
 - Margin for risk
 - Discount for developmental impact
 - Jobs
 - Youth
 - Gender
 - Rural
- Maximum = 19% p/a
- Actual portfolio average = 12% - 16% p/a

$$\frac{\partial V}{\partial t} + \frac{1}{2}\sigma^2 S^2 \frac{\partial^2 V}{\partial S^2} + rS \frac{\partial V}{\partial S} - rV = 0.$$

Challenges

- Business opportunities = Start-Ups
- Access to markets = for those who wish to expand
- Entrepreneurial skills
- Coordinated marketing effort among SME role-players/stakeholders
- Business targeting already saturated markets
- Primary employers not willing to provide cession of payments to lenders
- Poor Quality of business plans, Market Research and Competitor Analysis

We do business with

- South African citizens and permanent residents owned enterprises
- Legally registered entities including sole traders with a fixed physical address
- Applicants must be within the required contractual capacity
- All business operations must be operated within RSA;
- The enterprise must be compliant with generally accepted corporate governance practices appropriate to the client's legal status
- Have a written proposal or business plan that meets the requirements of sefa's loan application criteria
- Demonstrate the character and ability to repay the loan
- Have provided personal and/or credit references (if available)
- Majority shareholder must be owner manager of the business
- Where available, client provides relevant securities/collateral
- Businesses with a valid tax clearance certificate

What we need when applying

- Application forms
- Company profile
- Certified copies of identity documents of all affected individuals
- Marriage certificate (if applicable)
- Short CV of the key personnel
- Proof of residence - utility bill/sworn affidavit (not older than 3 months)
- Valid tax clearance certificate
- Valid company registration documents with CIPC
- Company's financial statement (audited and unaudited) where applicable

- Bank statement (where applicable)
- Purchase order
- Loan utilization breakdown
- Supporting quotation(s) on supplier(s) letterhead(s)
- Personal income and expenditure schedule
- Personal assets and liabilities statement
- Proof of own contribution and source (if application)
- If a judgment, notice, default is issued against the applicant, a letter or document to prove that arrangement are made to settle the account or proof that the amount is settled must be provided.

and unaudited) where applicable

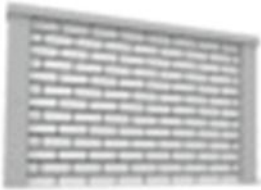
- Company's financial statement (audited and unaudited) where applicable

must be provided:

account or proof that the amount is settled that arrangement are made to settle the the applicant, a letter or document to prove

- If a judgment, notice, default is issued against

Success Stories in the Province year to date - 2014/2015



Sambo Granite CC is a Youth Wholly Woman-owned black business in Athlone. sefa recently approved a loan of R2 648 000 for the company to expand their granite & tombstone business to the Eastern Cape. The funding will be used to procure moveable assets and stock and to cover operational expenses.



<p>How long will I wait before my application is approved and the funds are transferred to my account?</p>	<p>Bridging loans and revolving credit facility are quicker to process and do not require a business plan but a valid contract. Term facilities take longer than bridging loans and require a comprehensive business plan to be submitted. To speed up the turnaround times, you must ensure that ALL supporting documentation as per the application checklist are submitted.</p>
<p>What if I do not have security or collateral?</p>	<p>Collateral is not a compulsory requirement but if it is available, sefa will take it.</p>
<p>Can sefa fund me if I do not have my own contribution?</p>	<p>It works in your favour to have your own contribution. This helps lower your debt with sefa. Either way, sefa treats each case uniquely on merit.</p>
<p>What is the term of funding?</p>	<p>Short term facilities: 1 – 12 months Long term facilities: 13 – 60 months</p>

sefa Contact Details



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