

sefa

Small Enterprise Finance Agency

ELIDZ
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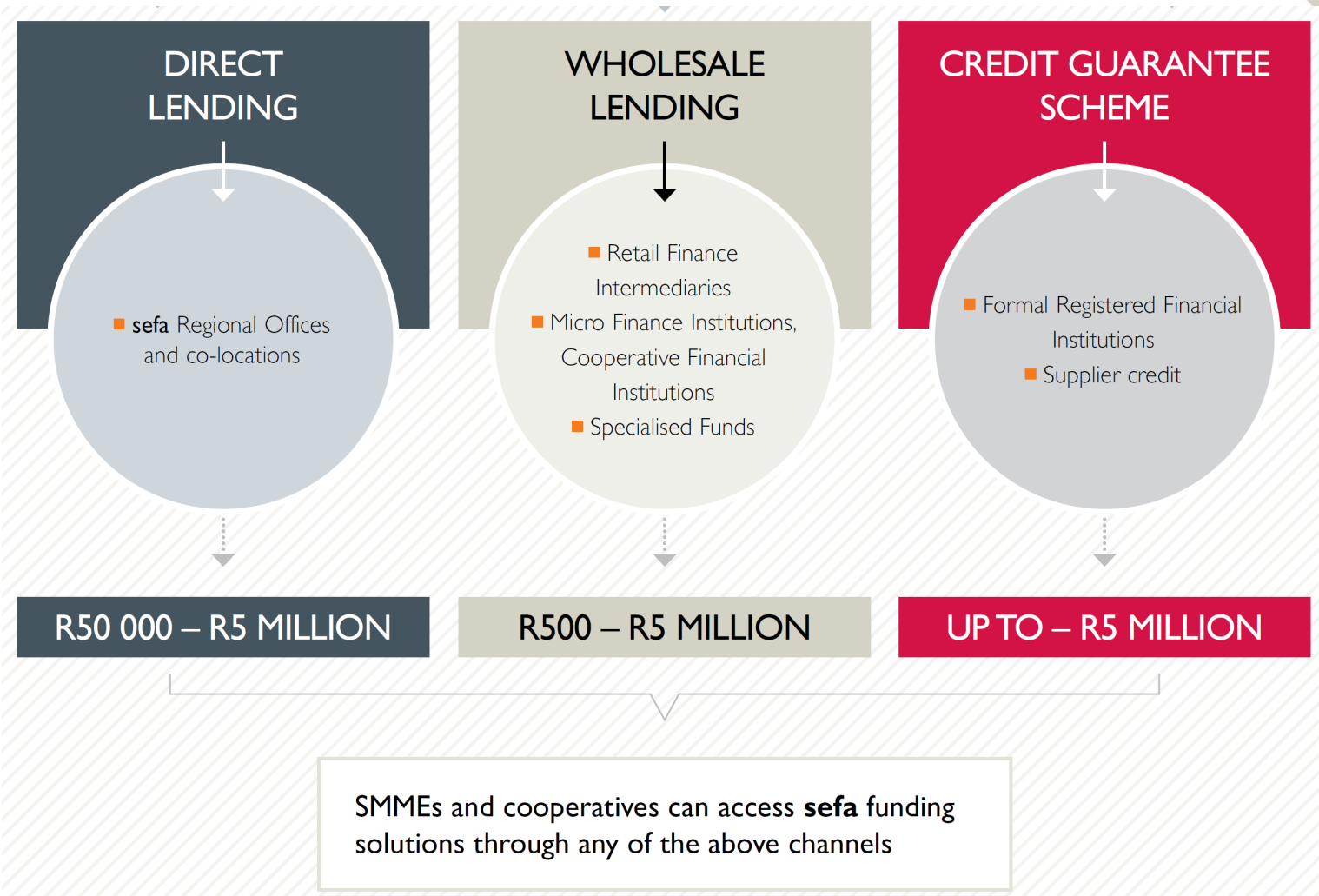


sefa overview

Profile

Established	April 2012 (merged entity)
Corporate Type	State-owned Company registered in terms of the Companies Act
Executive Authority	Department of Small Business Development (DSBD) (MoU between EDD & DSBD)
Shareholding	100% owned by the Industrial Development Corporation Limited (IDC)
Major Funding Sources	SA Government & IDC
Mandate	To be the leading catalyst for development of sustainable SMMEs and Cooperatives through the provision of finance
Values	<ul style="list-style-type: none">• Kuyasheshwa!;• Passion for development;• Integrity;• Transparency;• Innovation
Number of employees	239
Governance	Follows normal company policies and procedures in compliance with the PFMA & the Companies Act, amongst others Unqualified audit opinion since establishment

Lending model



Main Business & Funding activities

Products

- **Direct Loans** (asset finance, Term Loans, Revolving loans & Bridging loans, Purchase Order Product & Amavulandlela Scheme for entrepreneurs with disabilities)
- **Wholesale Loans and Equity** (on-lending facilities, Funds & joint ventures, Micro-finance, Structured Finance Solutions)
- **Business Support** (Institutional strengthening, technical support & mentorship)
- **Credit Guarantees** (Credit Indemnity guarantees & Supplier guarantees)
- **Rental Property**

Targeted ownership groups

- SMMEs & co-operatives that are unserved and underserved by commercial lenders
 - women,
 - black people,
 - youth,
 - Township enterprises,
 - rural communities and
 - people with disabilities.

Sectoral involvement

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

Strategic differentiation

- High **tolerance for risk** in exchange for high developmental impact
- Provision of capital and/or interest **moratorium** up to 12 months (for term loans)
- Financing SMMEs including **start up businesses** that are often perceived as high risk
- Addressing the financing gap for loans **below R500k**
- Provision of pre and post loan **business support**
- Provision of funding to entrepreneurs with **adverse credit records** provided they can demonstrate active remedy of their indebtedness
- Lending not solely based on **security** backing
- Specific focus on **targeted** groups
- Own **contribution** dependent on entrepreneurs financial ability

Loan criteria

In granting loan financing to qualifying businesses, the applicant must

- be a South African **citizen** and **permanent resident**
- be a **legally registered** with fixed **physical address**
- be within the required **contractual capacity**
- be registered and operate in **South Africa**
- 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)
- be a majority shareholder as the **owner manager** of the business
- provide, relevant **securities/ collateral** (where available)
- have a valid **Tax Clearance Certificate**

Businesses we do not fund

The following businesses fall outside the scope of enterprises that we fund:

- Manufacturing and selling of ammunition
- Tobacco, alcoholic beverages, gambling and sex trade
- Political organisations
- Persons under debt review
- Un-rehabilitated insolvent shareholders and/or directors of applying entities
- Primary agriculture (except cash crops and the applicant should have an off take agreement)
- Speculative property development



Financing Proposal Framework

- Management Profile
- Business Operations
- Market Assessment
- Financial Analysis
- Legal Implications
- Development Impact



Application Process – Turnaround Times

	Origination	Basic Assessment	Due Diligence	Investment Committee 1	Investment Committee 2	Disbursement
Activities	<ul style="list-style-type: none"> Entrepreneurs apply for funding Application pack 	<ul style="list-style-type: none"> Mandate fit High-level review of business plan and strategic fundamentals Review investment proposal 	<ul style="list-style-type: none"> In-depth due diligence process Review proposal with Credit Negotiate initial terms 	<ul style="list-style-type: none"> Present proposal at Credit Committees Finalise term sheet 		<ul style="list-style-type: none"> Finalise legal agreements Sign agreements Disburse funds
Estimated Duration	On-going	1 week	2 weeks	2 weeks		2 - 3 weeks*

* Entire process dependent on cooperation between sefa and applicants.

* Complexity of the security can also affect the turnaround times.

✓ Target (Term Facilities = 20 - 30 working days and Bridging Loans = 10-15 working days).

Pricing Formula

- Initiation fee = percentage of loan amount (once-off)
- Prime based interest rate
- Margin for risk
- Discount for developmental impact
 - Jobs
 - Youth
 - Gender
 - Rural

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Thank you!