

SABOA 2013 NATIONAL CONFERENCE

28 FEBRUARY 2013

CSIR CONFERENCE CENTRE

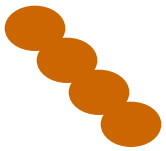
Don Mashele
Head of Regions

Challenges that led to the establishment of sefa

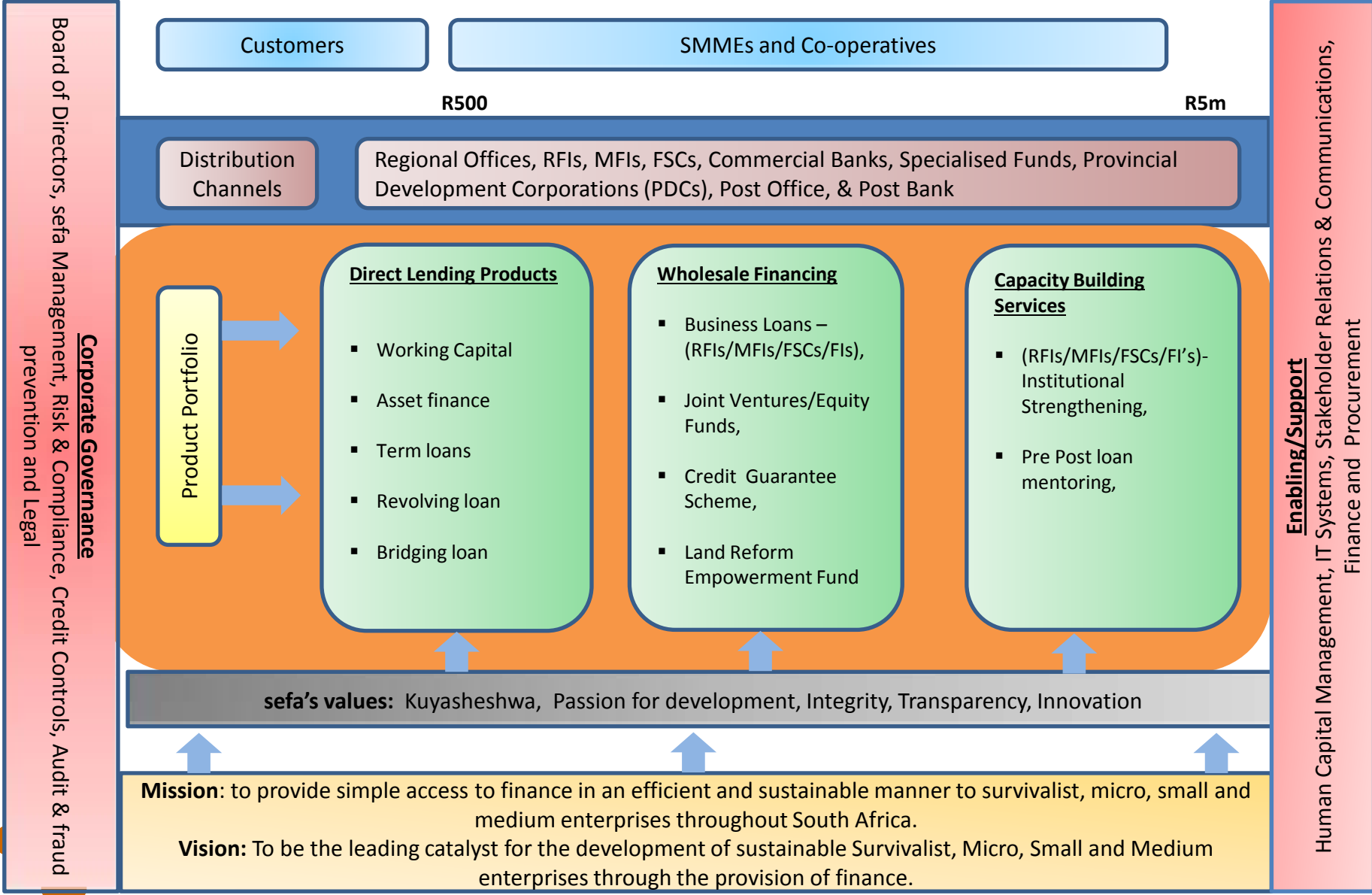
- Limited success in fostering a vibrant SMME sector
- Poor uptake of Khula and Samaf products
- Poor visibility among small businesses
- Duplication of services amongst government agencies
- High cost of delivering financial services to SMMEs

Establishment of sefa

- Cabinet support for an integrated approach
- **sefa** was established on 1st April 2012 as a wholly owned subsidiary of IDC (merger of Samaf, Khula and the small business activities of the IDC)
- Established in terms of IDC Act
- **sefa** reports to **EDD** via **IDC**



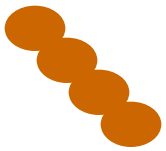
Organisational Framework



sefa targets SMMEs that cannot access conventional credit (addressing market failures)

These include:

- **Survivalists and microenterprises** – those requiring loans of anything between R500 and R50 000
- **Small enterprises** – loans between R50 000 and R1 000 000
- **Medium enterprises** – loan between R1 000 000 and R5 000 000

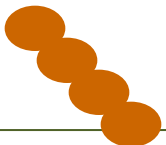


Product	Description
Revolving/Bridging Loans	To facilitate short term capital requirements or bridging finance for delivery of contracts or orders (eg a small business gets a contract to supply stationery, but needs finance to buy the stock)
Asset Finance	For acquisition of fixed assets (eg a small business needs a new machine. sefa provides a loan, repayable over 5 years)
Term Loans	To finance longer term business expansion requirements and specific capital acquisitions (similar to asset finance, but not necessarily linked to a specific machine)
Working Capital	To finance purchase of stock, overheads, etc (eg sefa provides a shorter term loan (3 years) to a small shop to buy stock needed to expand)

Product	Description
Business Loans	Partnership with Non Bank Financial Intermediaries for on-lending to SMMEs (eg sefa provides loan to WDB, who lends money to micro enterprises)
Funds/ Joint Ventures	Partnership with mainly private sector entities for on-lending to SMMEs (eg sefa's partnership with Anglo to provide finance to small mining contractors)
Credit Indemnity Scheme	sefa provides guarantees to banks, enabling loans to small businesses that do not otherwise have sufficient collateral/security to support facilities.
Land Reform Empowerment Fund (LREF)	Facility through which sefa lends money to commercial banks and other reputable agricultural lenders for on-lending to land reform beneficiaries

Product	Description
Post-loan Business Support Programme	This service is only provided to SMMEs that have benefitted from facilities provided by sefa and its financing partners as a risk mitigating intervention (eg sefa provides a mentor to a small business to assist with specific aspects of running the business)
Institutional Strengthening Grants	Aimed at providing institutional strengthening and technical assistance to Financial Intermediaries (eg grant funding provided to an intermediary to assist it in improving its systems)

- **sefa's** pricing strategy will be developmental in nature (affordable to small businesses, incorporating an appropriate discount for developmental impact) whilst ensuring the sustainability of the institution.
- Sefa pricing is based on risk and reward for development
- Risk is mitigated by post-loan business support.

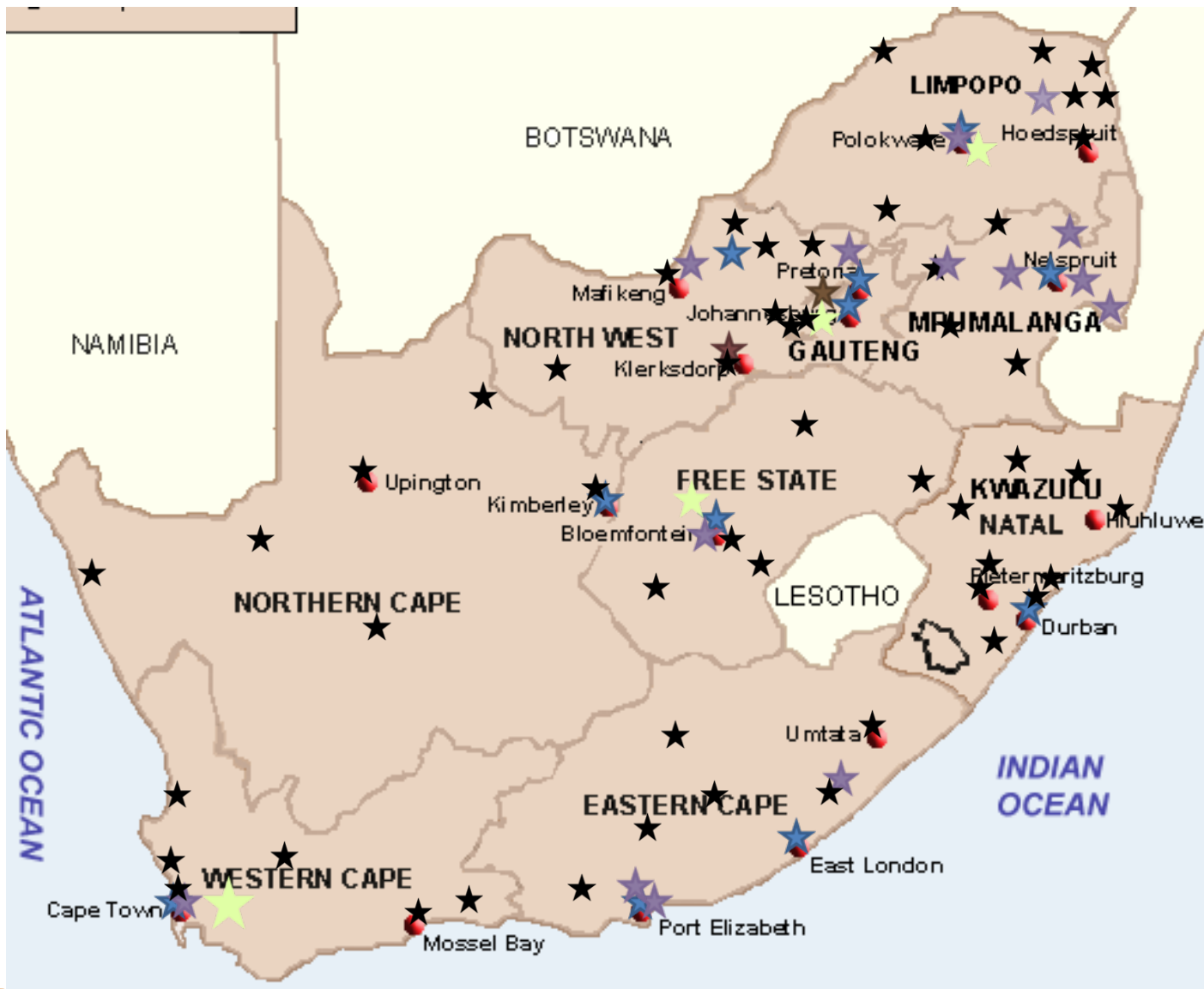


The retail network consisting of regional, branch and satellite offices will span across the nine provinces and all districts of the country. Added to these will be Financial Intermediaries who will also distribute **sefa** products throughout the country to ensure access by qualifying SMMEs. Initially **sefa** will roll-out its retail products through the existing regional offices whilst the branch and satellite offices are being set up.

The regional offices are:

Province	Regional Office	Telephone
Eastern Cape	East London	043 726 0756
Free State	Bloemfontein	051 444 1040
Gauteng	Johannesburg	011 838 5482
KwaZulu Natal	Durban	031 301 1922
Limpopo	Polokwane	015 291 5428
Mpumalanga	Nelspruit	013 755 2370
Northern Cape	Kimberley	053 832 2275
North West	Rustenburg	014592 6391
Western Cape	Cape Town	021 425 6774
Head Office	National Call Centre	08600 54852

Delivery Network



	Existing sefa offices
	Existing Retail Financial Intermediaries
	Existing Micro-finance intermediaries
	Planned sefa branch/ satellite offices (branch office is a small staffed office. Satellite office is a desk in eg. seda/Post Office, manned at specific times.)
	Cities/towns

THANK YOU