

SOUTH AFRICAN INSTITUTIONS PROVIDING FUNDING FOR ENTREPRENEURS

The following is a short list of institutions that offer funding for entrepreneurs. It is not comprehensive. Government is in the process of restructuring and streamlining its funding programmes and is moving them from the Departments in which they are lodged to the Department of Economic Development. It is hoped that the process will result in easier, simpler and speedier access to funds from Government.

1. Business Partners Limited

Business Partners is an investment company for small and medium enterprises. The company invests between R250 000 and R15 million in SMEs across all sectors, with the exception of farming, on-lending and non-profit organisations.

Investment financing is offered for businesses at all stages of development, including start-ups, expansions, outright purchases, management buy-outs, management buy-ins, franchises, tenders and contracts. The company also manages a number of specialist funds, which provide investment financing for defined-profile entrepreneurs.

Business Partners also has a range of support services for the entrepreneur. This includes property management consultants, mentors who are allocated according to the company's needs and access to other expertise need to ensure the success of a business.

Contact:

E-mail: enquiries@businesspartners.co.za
Web: www.businesspartners.co.za
Tel: Cape Town: 021 464 3600
Durban: 031 240 7700
Johannesburg: 011 470 3111

2. Commercial Banks

The commercial banks have specialist SME divisions, providing finance for qualifying entrepreneurs. Visit the banks' websites to find out about their products and services, and their criteria to obtain finance.

ABSA Bank: www.absa.co.za
First National Bank: www.fnb.co.za
Nedbank: www.nedbank.co.za
Standard Bank: www.standardbank.co.za

3. Khula Enterprise Finance

Khula Enterprise Finance Limited is an agency of the Department of Trade and Industry (DTI) established in 1996 to facilitate access to finance for SMMEs. It is one of the funds being transferred to the Department of Economic Development. Khula provides assistance through various delivery channels. These include commercial banks, retail financial intermediaries (RFIs) and micro credit outlets (MCOs).

Contact details for some of the Khula products are not available. Where this is the case, the following contact details can be used:

Contact:

E-Mail: helpline@khula.org.za
Web: www.khula.org.za

Tel: (012) 394 5560/5900
Toll free: 0800 118815

3.1 Small Business Growth Trust Fund

This non-sector specific fund is a partnership between Khula and Fabvest Investment Holdings (FABCOS). It provides:

- Finance start-ups, expansions, bridging finance and asset based finance to qualifying SMEs
- Qualifying SMEs with the necessary infrastructural support and resources
- Fosters entrepreneurship within the SME sector and
- Reaches out to SMEs in priority provinces of South Africa
- Migrates Black businesses from the informal sector to formal sector

Loans range between R10 000 and R3million per portfolio entity with a repayment period not exceeding 5 years.

Contact Details

Tel: (011) 421 2939
Cell: 082 901 2813
Email: info@sisonkefund.co.za

3.2 Izibulo SME Fund

The Izibulo SME Fund is a partnership between Khula and Metropolitan Life Limited and The Median Fund (Pty) Ltd. Its purpose is to:

- Provide early-stage funding to SMEs (improve access to finance);
- Provide SMEs with necessary infrastructural support and resources;
- Foster entrepreneurship for men and women in the SME sector;
- Reach out to SMEs in far-flung areas of South Africa;
- Encourage meaningful economic participation of historically disadvantaged South Africans;
- Invest in equity and debt, loans, loans convertible into shares (ordinary or preference shares);
- Purchase shares (ordinary or preference shares);
- Purchase debentures or convertible debentures (convertible into ordinary or preference shares);
- Purchase warrants, options and other securities of, or relating to portfolio companies;
- Provide consulting services, skills facilitation and development to portfolio companies;
- Provide working capital, expansion capital, the purchase of capital assets, refinancing of existing debt obligations;

Excluded investments include buy-back/purchase of shares from a third party in the portfolio company.

3.3 Identity Development Fund (IDF)

This non sector – specific fund is a partnership between Khula and Identity Development Fund (Pty) Ltd (IDF). Its objectives are to:

- Create long-term growth from profitable portfolio investments in SMEs
- Promote BEE (black women and youth)
- Provide both debt and or equity funding (50%/50%)

Repayment periods range between 3-5 years for start-up/early stage companies of R250 000 to R3million, emerging /MBO and expansion of R3million to R7.5million and R7.5million to R30million for community projects.

Contact Details

Tel: (011) 351 2900
Fax: (011) 351 8900

3.4 Enablis Acceleration Fund

The Enablis Acceleration Fund is a partnership between Enablis Financial Corporation SA (Pty) Ltd and Khula Enterprise Finance Limited. It is currently capitalised at R50m. Its purpose is to:

- Improve access to early-stage funding to SMEs
- Reach out to SMEs in remote/rural provinces
- Create new sustainable jobs.

It offers equity and or debt instruments over loan periods that do not exceed 60 months.

Eligibility:

- South African SMEs that are accredited by Enablis Entrepreneurial Network
- Black owned and women entrepreneurs for start-ups and/or expansion of the business.
- SMEs involved in all sectors - ICT, transport, tourism, agriculture and services industry.
- SMEs that need working capital and or asset finance.

3.5 Khula-Akwandze Fund

The Khula-Akwandze Fund (KAF) is a joint venture between Khula Enterprise Finance Ltd (Khula) and Akwandze Agricultural Finance (Pty) Ltd (Akwandze). Its purpose is to provide agricultural development loans to small and medium scale sugarcane growers and contractors within the sugarcane production value chain in the Nkomazi region of the Mpumalanga Province. The Fund is managed by Akwandze.

The following loan instruments are offered to meet financing requirements:

- Crop establishment/re-establishment
- Ratoon management (crop maintenance)
- Purchase and installation of above ground irrigation equipment
- Installation of fixed irrigation infrastructure
- Electricity supply
- Contractor bridging loans and
- Right-to-occupy (RTO) rental bridging loans.

Eligibility

The beneficiary must be a registered Mpumalanga sugarcane grower with the South African Sugar Association;

- Have a Cane Delivery Agreement (CDA) with Tsb Sugar
- Have authority to occupy the land they are farming (freehold, leasehold, right-to-occupy)
- Be a citizen of the Republic of South Africa
- Be black owned (>50% black owned) or black empowered (>25% black owned)
- Be viable and creditworthy, or
- A registered contractor with Tsb Sugar that provides services to growers (e.g. cane cutting and cane haulage).

In addition, the beneficiary must be:

- A citizen of the Republic of South Africa
- Black owned (>50% black owned) or black empowered (>25% black owned) and
- Viable and creditworthy.

Loan Size

Depending on the type of agricultural activity being financed, the maximum loan limits for the different loan instruments range from R1,300 to R15,500 per hectare.

Contact Details:

Akwandze Agricultural Finance (Pty) Ltd Tsb Sugar Mill, Mhlathi Farm Malelane, 1320

Tel: Malelane - 013 791 1396 / Komatipoort - 013 723 4247

Fax: Malelane - 013 791 1175

3.6 Anglo-Khula Mining Fund

Anglo-Khula Mining Fund is a joint venture between Anglo American plc and Khula Enterprise Finance to provide financial assistance to junior mining projects.

Product

- Equity and or debt instrument with individual investments between R1m and R20m per project
- Equity stake will not exceed 49% of the issued share capital of the investee company.

Who qualifies?

- The owners of the investee company must be involved on a permanent basis, in the day-to-day management and operations of the investee company
- The owners of the investee company must contribute to the investee company from their own resources to ensure commitment and risk sharing
- The investee company shall comply with all necessary legal requirements as well as Anglo American's standards and procedures regarding environmental and safety policies
- Deal flow of the investee company should emanate primarily from contracts between the investee company and Anglo and its subsidiaries.

3.7 Khula Credit Indemnity Scheme

The scheme provides access to finance to people who wish to start or expand small to medium sized businesses but do not have sufficient collateral / security to support facilities provided by participating banks. The scheme covers facilities from R10 000 to R3 million.

Who qualifies?

- Owner-managed businesses - the owner should be involved in the day-to-day running of the business on a full-time basis
- Business activity must be situated in the Republic of South Africa
- Business must be conducted with a profit motive and be economically viable
- The borrower must be able to repay the bank facility
- Individual or person holding a controlling interest must be a citizen of the Republic of South Africa
- Borrower with proven and sufficient entrepreneurship, knowledge, skills and experience directly related to the nature of the business
- The entrepreneur must provide own contribution towards a start-up or expansion of the business

Access is via any of the following retail financial intermediaries:

- Nedbank Ltd
- ABSA Bank Ltd
- First National Bank Ltd
- Standard Bank of South Africa Ltd

- Khula Regional Offices for assistance with a business plan development and/or advice on which institution supports the scheme. The financial institution will assess the business plan and facilities application in terms of its lending criteria.

3.8 Non-Bank Retail Financial Intermediaries

Non-bank Retail Financial Intermediaries are independent organisations or companies, which are lent money by Khula on a wholesale basis to on-lend to SMEs. Since RFIs are obligated to repay Khula, they use their own lending criteria to on-lend Khula's funding. However, each RFI has to contribute towards the achievement of Khula's developmental impact objectives, such as providing funding to SMEs which are black owned, women owned and from rural areas. Khula restricts its RFIs to on-lending a minimum of R10 000 and a maximum of R3 million per SME.

Purpose of RFIs

- To provide a funding alternative to SMEs, who would otherwise not be able to obtain funding from the commercial banks;
- To provide financing solutions to SMEs operating in niche markets, where traditional financial products would otherwise not be able to meet the financial requirements; and
- To provide Khula with a vehicle to facilitate access to finance to previously non-bankable SMEs operating in rural areas.

Geographic Spread of Existing RFIs

Khula currently has a network of non-bank RFIs represented in Gauteng, Kwa Zulu-Natal, Eastern Cape, Western Cape, Free State, Limpopo and Mpumalanga. Although there are RFI branches in Gauteng, Kwa Zulu-Natal and the Western Cape, priority is given to provinces other than the three latter provinces.

Contact:

E-Mail: helpline@khula.org.za
 Web: www.khula.org.za
 Tel: (012) 394 5560/5900
 Toll free: 0800 118815

4. Communities Fund and Small Business Hub Programme and Small Business Hub network

The programme supports small and medium enterprises, facilitating entrepreneurial opportunities and the subsequent creation of jobs in communities located in the vicinity of Anglo American Mines.

Purpose

The fund assists entrepreneurs with seed and working capital through loan finance of up to R1 million per project at preferential interest rates. Beneficiaries must operate in Anglo's business unit areas and comply with the black economic empowerment (BEE) criteria set by the Mining Charter.

The Communities Fund works hand in glove with a network of 13 Small Business Hubs which are staffed and financed by Anglo's platinum, coal, iron ore and diamond businesses and are located in their respective areas of operation.

While the fund assists micro enterprises with seed and working capital, the hubs extend a guiding hand to entrepreneurs at walk-in centres.

These hubs offer practical support to emerging business owners and aspiring entrepreneurs in the form of business plan assistance and management training and coaching. The hubs also offer telecommunications, internet, printing and meeting facilities while giving entrepreneurs advice on the day-to-day running of their businesses.

The Communities Fund provides loan funding of up to R1 million per project. Businesses applying for finance must operate within 50 kilometres or within the labour sending area of an Anglo American mining operation serviced by a hub. The entrepreneur must be a member of the local community.

Contact:

SBH Team

Lizette Moll

Fax: 086 656 4713

National representative:

Henry Snyman

Tel: 083 527 2123

www.smallbusinesshub.co.za

5. Industrial Development Corporation - (IDC)

The Industrial Development Corporation of South Africa Ltd (IDC) is a self-financing, national Development Finance Institution that promotes economic growth and industrial development in South Africa.

5.1 IDC Gro-E Scheme: The IDC is investing R10-billion over the next five years through its Gro-E Scheme. It offers financial support to start-up businesses, including funding for buildings, equipment and working capital. It also funds companies wanting to expand provided that they show an ability to create jobs and operate in sectors supported by the IDC which include:

- Green industries, which include renewable energy, energy efficiency, pollution mitigation, waste management and recycling, and biofuels
- Agricultural value chain, including agro-processing
- Manufacturing, focusing on advanced manufacturing; automotive, components, medium and heavy commercial vehicles manufacturing; clothing textiles, footwear and leather, forestry, paper and pulp, and furniture; metals fabrication, capital and transport equipment; pharmaceuticals; plastics and chemicals
- Mining value chain, including downstream mineral beneficiation, mining and mining technologies
- Tourism and high-level services, which includes business process services and tourism
- Media and motion pictures, which has to do with media pictures production, the media value chain of broadcasting (radio and television), media expansion including new media, music value chain, and film production and animation and
- The knowledge economy, to do with health care, information and communications technology and biotechnology.

Criteria:

- Start-up businesses, including funding for buildings, machinery and working capital;
- Existing businesses for expansionary purposes;
- Businesses that demonstrate economic merit and have prospects of acceptable profitability to be able to service their obligation;
- For the duration of the funding period, businesses whose maximum cost per job does not exceed R500 000 relative to the total funding required;
- Broad-based Black Economic Empowerment certification from an accredited verification agency, where applicable; and

- Businesses operating or expanding in South Africa.

Loans are given at prime less 3% with a minimum of R1-million and a maximum of R1-billion per project.

Contact:
Email: callcentre@idc.co.za.
Website: www.idc.co.za.
Call Centre: 0860 693 888

6. South African Investment Network

This is an online platform that connects entrepreneurs seeking business funding with “angel” investors looking for investment. They maintain that they have access to R83 billion to invest. They connect global and local investors and entrepreneurs.

Contact:
Website: www.investmentnetwork.co.za.

7. Sasfin Private Equity

Sasfin provides private equity funding for entrepreneurs. It is a versatile form of funding that allows enterprises of any size to unlock their potential without burdening them with excessive debt. Sasfin Private Equity invests its own capital in the client’s business and also provides support and guidance to grow the value of the companies in which they invest in the form of strategic insight and, where necessary, operational, financial and governance input.

Contact:
Email: msegal@sasfin.com
Web: www.sasfin.com.
Tel: 011 445 8001.

8. The International Tourism Marketing Assistance Scheme (ITMAS)

ITMAS provides partial compensation to businesses for certain costs incurred for activities aimed at promoting tourism to South Africa. It assists South African companies to market their tourism products in foreign countries by way of brochures, manuals, multimedia presentations, computer-based marketing information or any other international marketing materials. Reimbursement is provided for the design, compilation, production, printing, reprinting and distribution of material to market the products internationally. Assistance will only be provided for materials that were specifically produced to market tourism products in foreign countries.

Contact:
Department of Tourism to register as participants in the scheme.

Email: callcentre@tourism.gov.za
Switch Board Number: 012 444 6000
Switch Board Fax: 012 444 7000

Physical Address:
17 Trevena Road
Tourism House
Sunnyside
Pretoria
0001

Postal Address
Private Bag X424
Pretoria
0001

9. African Contractors Finance Corporation (Pty) Ltd

A Miscellaneous Business Credit Institution

42 Bath Avenue
Johannesburg,
Gauteng 2196
South Africa

Tel: 011 256 9400

10. Business Finance Promotion Agency (BFPA)

The BFPA has several products.

10.1 Impact Bridging Financing

Funding is provided for emerging and established contractors in the form of bridging finance and performance guarantees for businesses in the construction industry.

10.2 Khula Emerging Contractors Fund.

Financnce is aimed at departmetn of Public works and other government contracts associated with infrastrucuture development.

10.3 Smart Choice Order financing

This scheme does not require collateral and payments are ceded to the Business Finance Promotion Agency

10.4 BFPA Classic Loan

Term loans up to R150 000 over a maximum period of 3 years offered

10.5 Flexi Payroll Based Loan

Personal loans based on payroll deductions and salary advances up to R5 000

Contact:

Comsec Complex, Grahamstown Road, Sydenham

Port Elizabeth , Eastern Cape

Phone : 041 487 0190

Fax : 041 487 0192

www.bfpa.co.za

11. National Youth Development Agency: National Youth Fund

The fund aims to mainstream and integrate youth development for sustainable livelihoods by initiating, facilitating, implementing, coordinating and monitoring youth development interventions aimed at reducing youth unemployment and promoting social cohesion

Requirements:

- Youth (35 and younger) must hold greater than 50% of the shares in the company;
- Must be a previously disadvantaged South African youth
- The youth must be operationally involved in the business;
- Must demonstrate commitment to the venture;
- The venture must be economically viable.

- The following types of ventures are excluded from funding: Gambling, Tobacco Property development and illegal practices.

Contact:

Call Centre: Tel: 08600 96884 Fax: 086 606 6563

12. The Land and Agricultural Development Bank of South Africa (Land Bank)

The bank is a development finance institution (DFI), wholly owned by Government, whose mandate is to support, promote and facilitate the development and transformation of the agricultural sector. It has a responsibility to support Government's efforts to increase access to land, provide support for emerging farmers and raise rural incomes.

Products and Services

- 12.1 Mortgage Loans, including loans to well-established commercial farmers or agribusinesses that own fixed agricultural property and want to buy land, consolidate their debts, and or other purposes linked to agriculture.
- 12.2 Special Mortgage Bonds for Farmers who were previously denied the right to buy land and/or who
- Have the potential to become successful farmers
 - Own land in towns or cities can get Special Mortgage Bonds
 - Are historically disadvantaged and are first time buyers of agricultural land
- 12.3 Medium Term Loans in the form of cash credit accounts. Clients' financing are aligned with and according to their agricultural needs.
- 12.4 Installment Sale Finance which provides an option for farmers who want to buy movable farming assets and equipment.
- 12.5 Installment Sale Finance (Livestock) which offers clients an opportunity to purchase large breeding livestock (e.g. bulls, cows).
- 12.6 Establishment Loan for perennial crops, typically for establishing sugar cane plantations, citrus and deciduous fruit orchards, timber plantations and vineyards for table and wine grapes.
- 12.7 Short term (seasonal) loans which are tailored to meet important financing needs in the agricultural production cycle including the provision of advances for crop intakes, production requirements, production credit and other related services that includes the handling, manufacturing, packing, processing, storage, transport and marketing of agricultural products.

Contact:

Email: info@landbank.co.za

Tel: 012 686 0500

