



FINANCING FOR IMPACT LOAN FUND

INFORMATION BROCHURE 2024



OVERVIEW OF FINANCING FOR IMPACT FUND BY SAB FOUNDATION IN PARTNERSHIP WITH LEAD IMPACT CAPITAL



THE FINANCING FOR IMPACT FUND IS A MULTI-STAKEHOLDER AND COLLABORATIVE R88 MILLION ALUMNI FUNDING VEHICLE CO-FUNDED BY THE SAB FOUNDATION, NATIONAL TREASURY'S JOBS FUND AND LEAD IMPACT CAPITAL.

It aims to unlock affordable financing for qualifying entrepreneurs that have graduated from the SAB Foundation Tholoana Enterprise Fund, the Tholoana Enterprise Programme, the Social Innovation and Disability Empowerment Awards, and the Social Innovation Fund looking to grow their businesses and create jobs. This is a commercial fund with affordable interest rates and will be administered by LEAD Impact Capital.

Important information you need to know about the Financing for Impact Fund

Purpose of financing: This is a loan fund where concessionary interest rates will be charged up to a maximum of prime +3%. The fund is available to enable SAB Foundation programme alumni to access growth or cash flow financing to take their business to the next level whilst contributing meaningfully to creating sustainable jobs.

What can the finance be used for?

- Asset and equipment financing in response to a validated market opportunity.
- Growth financing – responding to a real and validated opportunity.
- Purchase order and cash flow financing where there is a contract or letter of intent demonstrating demand.

How much funding can I apply for, and how long will it take to get a decision on my funding request?

Loan sizes will range from a minimum of R200 000 to a maximum of R10 million. You will need to be able to provide sufficient documentary proof to support the loan amount applied for.

You will be taken through a structured and detailed due diligence process. We aim to be able to communicate whether the application is successful within 90 days of the commencement of the due diligence.

When do I need to pay back the money?

The payment terms will be determined on a case-by-case basis that may range between three months and 60 months (five years).

How much interest will be charged on the loan?

Concessionary interest rates will be charged up to a maximum of prime +3% and will be determined during the due diligence process.

Who can apply for funding?

- Qualifying graduates of the SAB Foundation Tholoana Enterprise Programme and Fund, the SAB Foundation Social Innovation and Disability Empowerment Awards and the Social Innovation Fund.
- Businesses must have been operating for at least three years.
- Businesses operating in a growing sector where there is proof of demand

Applications must:

- Present a viable business proposal with demonstrable job creation potential.
- Demonstrate ability to service the interest-bearing loan.
- Have received a positive participation report from project partners while on other SAB Foundation programmes.
- Supply up-to-date financial records (three years' financial statements, 12 months' management accounts, six months' bank statements).
- Be willing to commit to quarterly and annual reporting requirements and submit support documents of jobs created (e.g. employment contracts) and growth achieved in the business.
- Be willing to commit to a targeted and strategic mentoring process to close gaps.

When can applicants apply for funding?

- Applications will open on **16 January 2024**. The first round of applications will close on **25 March 2024**. Applicants will hear whether they have qualified for the second round of due diligence within one month of applying.
- SAB Foundation, in collaboration with our partners, will host regular investment readiness webinars to help applicants prepare for their application and increase the likelihood of securing the finance they need to grow the business.

How to apply for funding:

- All application forms must be completed on the online portal.
- Read through the application guidance document instructions.
- Complete the application. Remember to save the work.
- Read and agree to the terms and conditions.
- Submit the application.
- Make sure to receive an email from us confirming that your application has been submitted.

Why developing and partnering with entrepreneurs matters at the SAB Foundation

Entrepreneurs take up the risk of building and growing businesses that help address various market problems in the hope of profit or impact in the industries they operate in.

They are also critical and strategic partners contributing to South Africa's economic growth and to finding meaningful solutions to the triple threat of poverty, unemployment and inequality that plagues our beautiful country. At the SAB Foundation, we consider ourselves a trusted ally to entrepreneurs and SMMEs in South Africa.

Since 2010, we have worked to facilitate socio-economic inclusion and transformation through the provision of SMME funding and business development support for historically disadvantaged persons. These include women, youth, people with disabilities and people living in rural and peri-urban areas.

This is largely done through the vehicle of entrepreneurship development. To date we have invested R534 million in grant funding, business development support and interest free loans to 5 229 entities. We are committed to walking the journey with entrepreneurs.

Access to finance challenges for SMMEs

Access to finance remains one of the top five challenges facing entrepreneurs in South Africa and other global markets. There are various factors that contribute to this challenge from both lenders and SMMEs seeking finance.

According to a survey conducted by the Banking Association of South Africa in 2010 and a follow-up study in 2018, lenders cite the following challenges with lending to SMMEs:

- Credit and risk profile of SMMEs.
- Unviable business proposals.
- Poor financial management and record keeping.
- Poor cashflow management.
- Low profit margins.
- SMMEs applying for the wrong type of funding.
- Investment readiness of the SMME to access and service the fund.

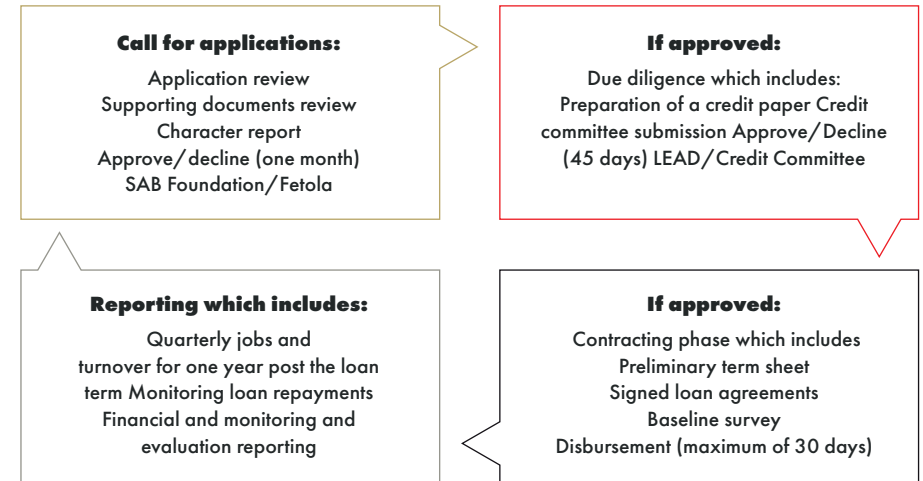
Through continuous engagements with SMMEs in our SAB Foundation supported programmes and other ecosystem partners, the following have been attributed to challenges of accessing finance by SMMEs:

- Accessing affordable financing (high interest rates are charged to SMMEs because they are considered high risk by most lenders)
- Turn-around time to access funding
- Period of repayments sometimes unrealistic and may further hinder than propel business growth

Through our Tholoana Enterprise Programme and Social Innovation and Disability Empowerment Awards, we believe that we have put our money where our mouth is.

We have helped to de-risk most businesses that participate in our programmes through ensuring that they are supported to address some of the gaps that exist in their businesses therefore increasing their attractiveness to access finance.

THE HIGH-LEVEL PROCESS SAB FOUNDATION WILL FOLLOW



Conclusion

Through the Financing for Impact Fund, the SAB Foundation and LEAD Impact Capital aim to prove to the South African financial and investment community that businesses such as these are investable.

If we are able to demonstrate that all loans are repaid, we will be able to use this as a model to attract further finance into this fund so that entrepreneurs with real growth and job creation potential are not held back by a lack of affordable finance.





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