



South Africa Siyasebenza

OVER A DECADE OF INNOVATION AND PARTNERSHIP



Ushintsho Olugqokazile

Jobs Fund Webinar

SAB Foundation - Supporting the growth of SMME's: The Journey to Formalisation

The event will start at 14:00



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



National Treasury
REPUBLIC OF SOUTH AFRICA

Opening Address

Najwah Allie-Edries

Deputy Director-General: Employment Facilitation
(Head of the Jobs Fund)

Background to the Jobs Fund

Facilitator: **Nazeem Hendricks** (Jobs Fund)

The Jobs Fund - Pilot, test and scale



- The **Jobs Fund** is a R9 billion challenge fund seeking to:
 - **Support sustainable job creation** in the short to medium term, and
 - **Identify scalable, replicable and sustainable job creation models** that lay the foundations for longer term employment.
- The Fund works with implementing partners (intermediaries), sharing risk and leveraging their networks, funding and technical expertise to access and provide support to the targeted market segment.
- It plays a complementary role in the social protection and employment landscape.
- The Jobs Fund was established with knowledge sharing as one of its foundational pillars and has a rigorous monitoring, evaluation, reporting, and learning framework.
- To this end, the Jobs Fund regularly hosts and participates in knowledge exchange sessions, together with its partners and the public.



SMME JOURNEY TO FORMALISATION & GROWTH

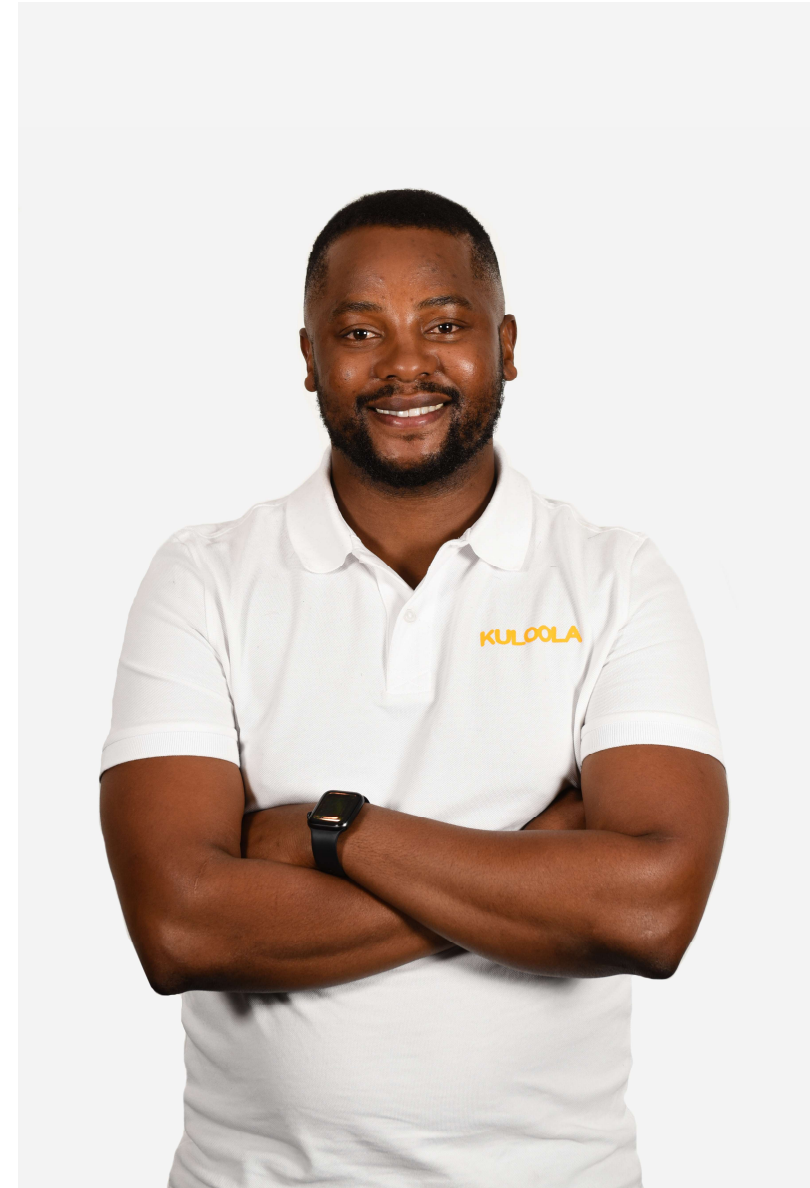
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OVERVIEW & MANDATE

SAB Foundation is a BBBEE Ownership scheme set up by South African Breweries in 2010. It operates independently and funds its own activity

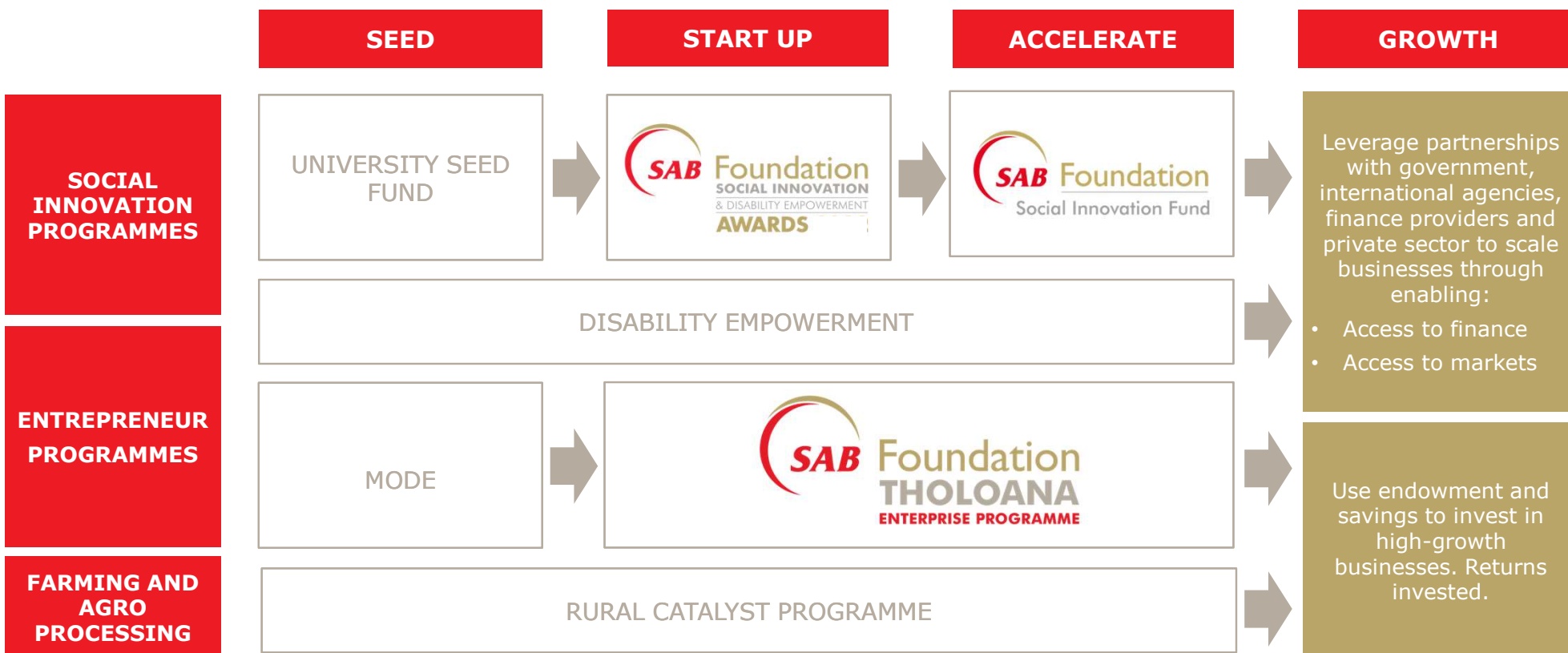
The provision of funding for small, medium and micro-sized enterprises, in order to contribute to the economic and social empowerment of historically disadvantaged persons, primarily (but not necessarily exclusively) by means of Entrepreneurship Development and with a priority focus on providing opportunities within small, medium and micro-sized enterprises for women and youth in the rural areas, as well as persons with disabilities.



SAB FOUNDATION STRATEGY: 2020 - 2024

GOALS: INCREASE TURNOVER, JOBS, SOCIAL IMPACT, THOUGHT LEADERSHIP

Key beneficiary groups: women, youth, people in rural areas, people with disabilities

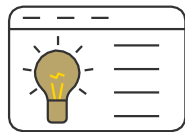


SAB Foundation Stats

The **SAB Foundation** has deployed over **R668 million** in grant funding, business development support and interest-free loans to **7 543 entities**. Of this investment, **R409 million** is in grant funding, **R214 million** is in business development support, and **R45 million** is in interest-free loans - **R12.8 million** has been repaid to date.



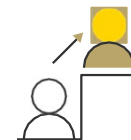
3 924 fall under rural micro-enterprises



3 223 fall under entrepreneurship programmes



R409 million
grant funding



R214 million
business support



R45 million
interest free loans



396
fall under social innovation programmes



90%
businesses are operational

Total entrepreneurs in flagship...

999

Tholoana Enterprise Programme

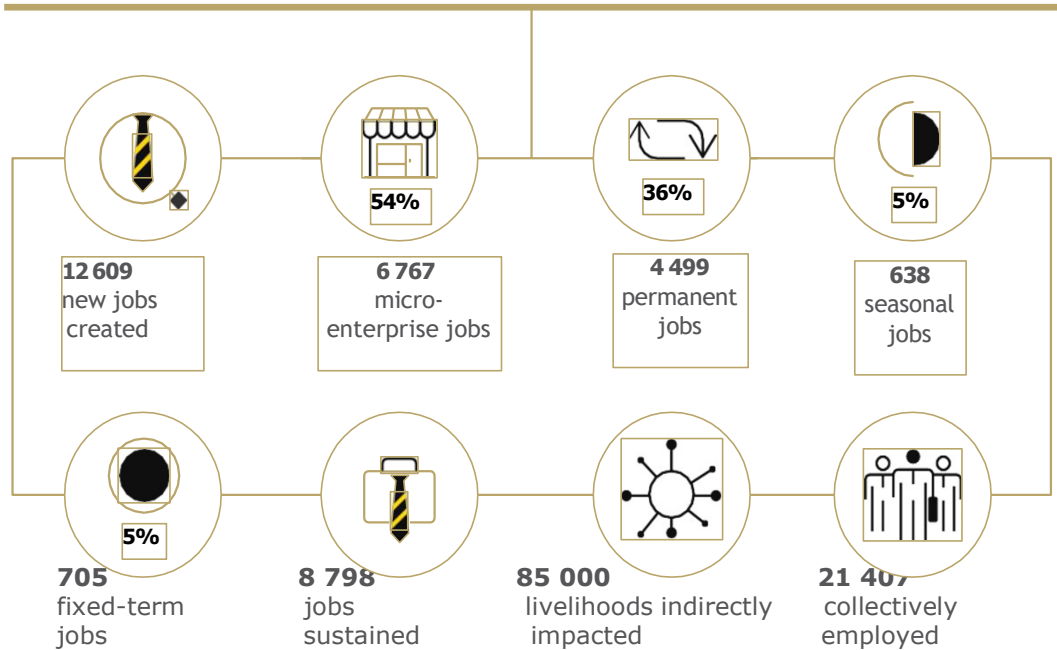
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Social Innovation & Disability...

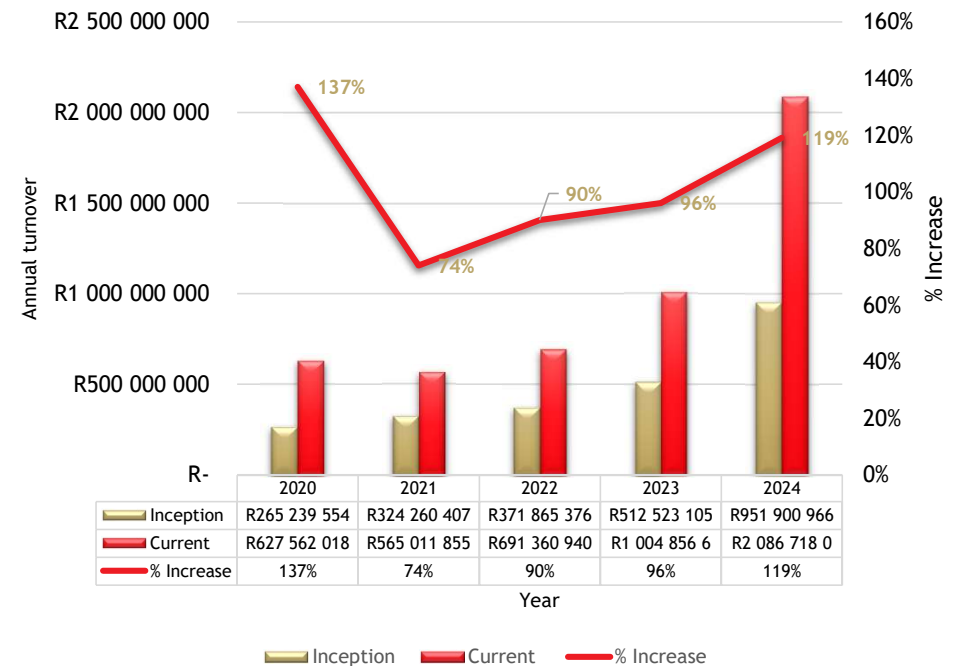
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Job creation & Turnover

Combined annual turnover of entrepreneurs across all programmes increased from **R951 million** at inception to **R2 billion**, resulting in a turnover increase of **119%**

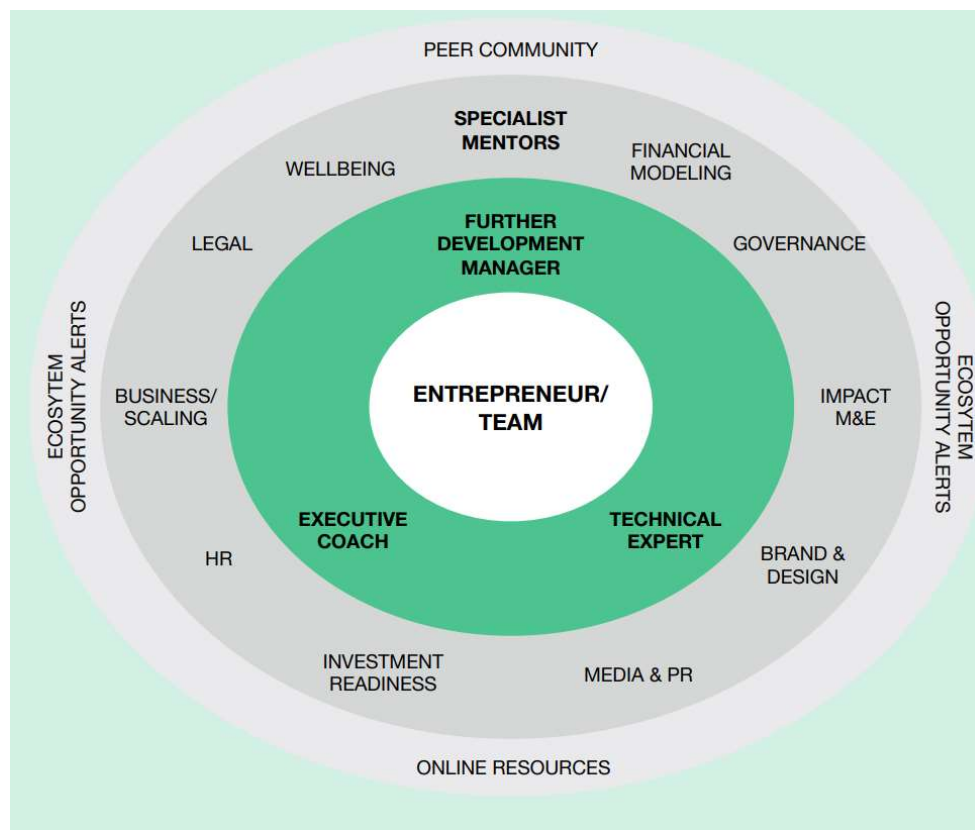


ANNUAL TURNOVER OVER 5 YEARS



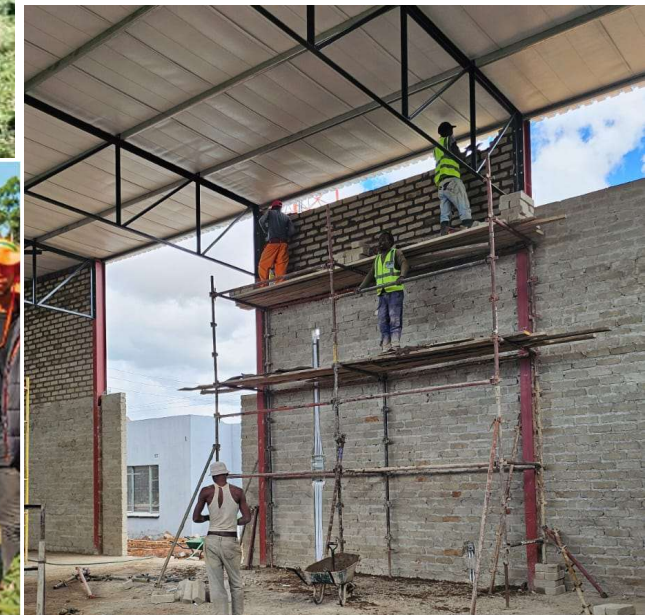
SIA Business Development Support

The team provides holistic support for the entrepreneurs and their organisations. The coach and development manager works with the entrepreneur/team to plan what specialist expertise is needed and at what stage of the development process, with ongoing access to the technical expert. They also have an active peer community that provides opportunities, support and collaborations. Psychological support is also available to all entrepreneurs



Helping Entrepreneurs to build professional, investment worthy businesses that last - anchors for local economic inclusion

*A multi-stage entrepreneurial
development and lifecycle
investment strategy*



PRE-INVESTMENT: BUSINESS DEVELOPMENT



OUR APPROACH

- SAB Foundation Invests deeply and long
- We try to select for people with the right attitude, aptitude and ambition (Extensive)
- Support is holistic, tailored and challenging at times

CRITICAL SUCCESS FACTORS

- Important to establish credibility, build trust and relationship
- Apply a proven methodology: Mindset, Market, Money
- The support team must be Invested, qualified , experienced and diverse
- Programme design, content, material and tools are practical and relevant. Its for entrepreneurs by entrepreneurs.
- Seed Funding is essential for enabling longer-term development of the business



BUSINESS DEVELOPMENT

PROGRAMME OUTCOMES

- Confidence, self belief, and mindset of entrepreneur shifts, evident in their renewed commitment and ability to deal with setbacks.
- Actual implementation of systems and processes take place - understanding that this is a journey.
- Trading capacity and financial performance improve



INCOME GROWTH



NEW JOBS CREATED



INCREASE IN CUSTOMERS
INCREASE IN ASSETS

PROGRAMME OFFERING



Mentorship & Specialized
Industry Consulting



Media & Brand Building



Financial Management Support



Tools, Templates & Resources



Workshops & Training



Investment Readiness & Access to
Finance



Market Access Support



Personal Development , Self Mastery
and Peer Networks



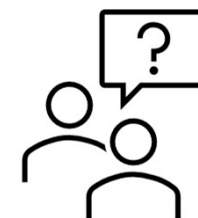
PRE-INVESTMENT: FUND APPLICATIONS SUPPORT

Problem: Most applications for financing fail due to a lack of complete and quality information to support their application, including a poor articulation of their investment case (with necessary supporting documents).

The pre-application support is provided for in two ways- running concurrently:



Quarterly group training
webinars



Helpdesk

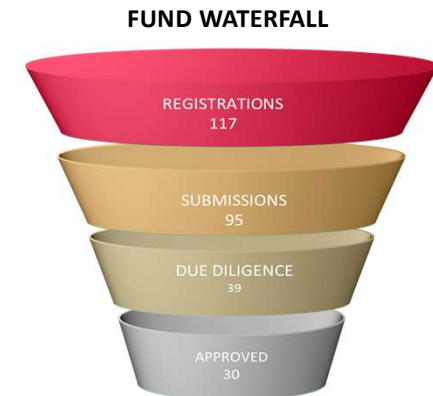
INVESTMENT PROCESS



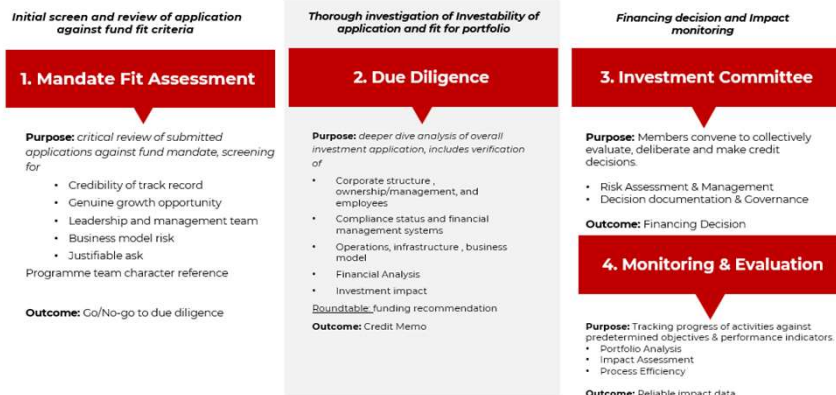
This is the riskiest segment of the market, with **lots of fundamentally investable opportunities but, Its much harder to prove** and manage

You cannot open the funnel and lend to a majority in this segment **without post-investment**

71% of entrepreneurs spend less than R30K on annual accounting fees, impacting the **reliability of their financial reports**



4-STAGE INVESTMENT PROCESS



Understanding the level of entrepreneuria I risk gives you a significant **risk screening advantage**

A pragmatic – **with built in BDS** - but robust DD approach is required, managed by a muti-skilled (strong in BDS/financial mgt & Acc), empathetic and passionate team

In many cases, you have to tranche-in capital linked to performance milestones

POST-INVESTMENT : RISK MANAGEMENT

A.

Risk mitigation plan

Input

- Gaps/challenges identified during due diligence
- Confirming gaps/challenges through initial discovery meeting

Output: Scope of work and risk management plan document

B.

Technical BDS

Format

- Minimum 12 hours per business (to individual need)
- Engagements self-managed by consultant and entrepreneur, reporting to investment team/lead analyst via monthly check-ins

Output: Business transformation, loan repayment and job creation

You are **building upon** a trust-based partnership

Financial management, HR and strategic support have been the biggest **contributors toward successful transition**

It's critical to have a broad network of skilled and experienced personnel that are available to the entrepreneur, helping to navigate **multiple transition points.**



Financing for Impact Programme

Average business Turnover: R3.7 m

Total loans made: 31 (R65 394 589)

Total drawn down: R44 181 308

Total loan repayments: R9 041 960

3 loans repaid in full: R2 237 739

Total businesses receiving loans: 24

| | |
|------------------------|--------------------|
| Jobs Fund Contribution | R20 000 000 |
| SABF Contribution | R45 000 000 |
| Lead Loan | R23 000 000 |
| | R88 000 000 |

Job Targets

Permanent

Permanent Seasonal

Self employed informal sector

Informal sector workers

Fixed-term

250

100

40

30

12

STRENGTHS & ASSUMPTIONS

| | |
|---|-----------|
| SABF has a large pipeline of businesses from which to draw from (743 Tholoana & 256 SIA) & these businesses if given an opportunity, will create jobs | CORRECT |
| Businesses will be mature and well governed due to training received | INCORRECT |
| There are many strong entrepreneurs and businesses that could grow and create jobs, which are considered uninvestable by the formal financial markets | CORRECT |
| SABF & partners previous knowledge of entrepreneurs is a strong risk mitigation tool | CORRECT |
| A detailed application form along with multiple attachments and evidence will give a strong indication of investment worthiness | INCORRECT |
| Entrepreneurs will be able to submit detailed financial records | INCORRECT |
| Entrepreneurs understand their businesses financial position | INCORRECT |
| A standardized, comprehensive investment process can be utilized to minimize risk | INCORRECT |
| Grant funding from SABF and Jobs Fund allows the flexibility to test BDS models and can ceded a follow on fund. Grant funding can also be used as first loss capital to attract other investors. Most importantly, grant funding allows the Fund to keep the interest rates low | CORRECT |

STRENGTHS & ASSUMPTIONS CONT'D



The combination of the socio economic development understanding from Fetola and the due diligence and assessment skillset from the fund manager has created a powerful team and a thorough process

Aligned values and flexibility has allowed the team to be creative and build something that is fit for purpose

If loans take the entrepreneurs reality into account and allow flexibility in repayments, there will be less defaults

CORRECT

CORRECT

CORRECT

ENTREPRENEUR FEEDBACK



Nabilah Diedericks – Finz Aquatics



Morero Moloji – Mc More International

Pause for Questions

Closing Address

Nazeem Hendricks (Jobs Fund)



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Thank you



Jobs Fund:



jobsfund@treasury.gov.za



<http://www.jobsfund.org.za>



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