

PROPERTY^{POINT}

TRANSFORMING THE INDUSTRY

Access to Finance Guide



ASPEN NETWORK
OF DEVELOPMENT
ENTREPRENEURS

aspen institute



USAID
FROM THE AMERICAN PEOPLE





Message from

Shawn Theunissen
Property Point Founder

At Property Point, we believe that doing business with women is good business. We have made a concerted effort to enable the growth and sustainability of women-owned small and growing businesses (WSGBs) in traditionally male dominated sectors, like property. In 2020 we launched our first women-only enterprise and supplier development cohort in order to encourage the inclusion of more WSGBs into corporate supply chains, and to increase access to finance.

Property Point has a track record of supporting SGBs, spanning over fourteen years. Since its inception in 2008, we have successfully supported 310 businesses who have created over 2714 direct sustainable jobs and contributed around R1,6 billion to the South African GDP. We have set a target to support 70% women-owned businesses by the end of 2023. To date, 52% of businesses on our programme are owned by women.

The supply and demand challenges around access to finance for SGBs - and particularly WSGBs - are well documented. This was confirmed in our engagements with women entrepreneurs on the Property Point programme, where we also noted that women historically relied more on their own savings to fund their businesses. However, we are starting to see a shift towards them securing external funding to grow their businesses. They expressed a need for better understanding of the funding landscape, and specifically on which funder is best suited to their needs and stage of growth.

Challenges were identified, such as putting together a business plan, the ability to articulate their funding need, positioning their businesses, and the ability to meet extensive compliance requirements set by financial institutions. Through the support of Advancing Women's Empowerment Fund driven by Aspen Network of Development Entrepreneurs (ANDE) and U.S. Agency for International Development (USAID), Property Point developed an Access to Finance Guide. The aim of the guide is to address the obstacles that prevent access to finance for WSGBs. One of the key elements of the project entails to equip you as a female entrepreneur with relevant information as you embark on your funding journey. In consultation with funding experts and other stakeholders, we have been able to compile this useful guide to assist entrepreneurs when applying for funding.

You have spoken and we have listened; now let us grow together.





Message from

Sekai Chiwandamira
Chapter Head: South Africa Aspen Network of Development Entrepreneurs (ANDE)

The Aspen Network of Development Entrepreneurs (ANDE) has run Catalyst and Challenge Funds since 2009, with the purpose of fuelling initiatives poised to improve the capacity of organisations within the SGB sector. These funds have taken many forms and addressed various sector challenges since then, but their core function remains constant – to award SGB support service providers with the risk-tolerant capital they need to test or pilot innovative approaches to industry-specific challenges and distribute learnings within the ANDE community and SGB sector at large.

The Advancing Women's Empowerment Fund (AWEF) was established as part of the ANDE Gender Equality Initiative to use grant capital to test models for increasing investment into women-led SGBs in emerging markets.

In February 2021, ANDE, with support from U.S. Agency for International Development (USAID) announced a new round of the AWEF to fund projects that will pilot, test, or expand scalable solutions to the financing gap for women-led SGBs in eastern, western, and southern Africa to create learnings and insights for uptake by the broader SGB sector.

ANDE was specifically focused on solutions that catalyse early-stage, growth-oriented capital and employed creative solutions in the following categories:

a) Gender transformative approaches to delivering acceleration services including recruitment, selection, cohort and programme design, or other elements seen as constraints to the success of women entrepreneurs.

- b) Supplemental services delivered independently or in coordination with traditional accelerator programme, including tailored consulting services, bespoke matchmaking, investment facilitation, mentorship, or other approaches to address gender deficits in traditional acceleration.
- c) Novel approaches to catalysing investment into the hands of women fund managers to address the systemic finance constraints that women entrepreneurs encounter.
- d) Innovative methods for sensitising and influencing SGB support providers around the fundamental challenges (family life, social norms, talent opportunities) that women entrepreneurs face.

ANDE selected three winning organisations out of more than 250 total applications. Each received up to \$150,000 for a twelve-month project beginning in June 2021. Congratulations to Property Point for being selected as one of the three winning organisations in Southern Africa.

Thanks to the generous support of the United States Agency for International Development (USAID).





Message from

Nomazizi Boqo
Property Point
Programme Manager &
Funding Specialist

Funding is important for a business to get off the ground or to expand. Starting up can be challenging and keeping the business moving in the right direction can be even more difficult. The economic landscape is ever-changing, and businesses must follow the markets to stay relevant – including being prepared for accessing funding opportunities. In developing a business, managing cash flows may not be enough, and expansion may require additional financing. If a business does not have enough cash reserves, it will be compelled to access funding from external financiers.

As a starting point, applicants need to have a comprehensive business plan which tells the funder what the funding needs are. It should be able to show that there is a need for its services and/or products in the market. The business plan needs to tell the funder that they are banking on a viable and sustainable business that is going to grow in economic participation and create jobs. If there are gaps in the business plan, the funder may ask the applicant to address such gaps. Most funders have business support programmes which are intended to help businesses become funding ready, but the funder must be satisfied that the investment in the business is viable, as this support comes at a cost to the funder.

This **Access to Finance Guide** has been put together by the dedicated team at Property Point to help entrepreneurs, and women-owned small and growing businesses, through their funding journey.

The guide will provide information about the funding landscape, types of funders, criteria, the process, tips from funders, and more. We hope this guide will add value to your business and provide you with the needed assistance as you continue to grow your business. Here's to business prosperity and many years of entrepreneurship!



How the Access to Funding Guide was compiled

The Access to Funding Guide was developed to provide women-owned businesses with insights into the funding process. The guide is not meant to be a comprehensive review of all financial institutions, but to provide examples of diverse types of financiers available. The Property Point team reached out to 27 different financiers; from commercial banks, alternative financiers, impact investors, equity investors, fintech and crowdfunding platforms, and a development finance institution. Ten institutions responded to our request and are included in the guide.

In compiling the guide, we utilised a mixed-research method to collect information.



We conducted online interviews with financial institutions and in instances where the financier could not do the interview, they were able to complete an online survey. The interviews focused on understanding the funding products available for SGBs, the funding criteria, application process, how risk is assessed, and insights on how SGBs can better position themselves to access finance.



A webinar for women-owned businesses was hosted to directly engage different financiers. This provided an opportunity for the entrepreneurs to gather additional insights on their funding needs, challenges faced in accessing finance, and what they wished they knew before embarking on their funding journey.



Interviews were held with nine out of 15 women-owned businesses on the Property Point All Women Enterprise and Supplier Development Programme, which informed our broader programme design and gave insights into the development of the guide. As part of the guide, we have included a personal narrative that focus on two primary questions:

1. How did you go about your funding journey and what were the challenges you had to overcome to get it?
2. What advice would you give other women entrepreneurs who are struggling with accessing funding?







The CEO's foreword, messages from the funder and our Programme Manager, as well as a Reflections feature from a female entrepreneur will help you understand Property Point's objectives and why this guide is necessary.



Before working on your application documents, check the Funding Criteria for the institution of your choosing to see whether you qualify.



Check the application process to have an idea of how it will go, so you can manage expectations and balance your time with your financial needs. This section addresses process and turnaround time for applications.



Infographics give you tips and fast facts on how to access funding. Follow the guidelines regarding the funding journey, and make sure you understand what is required of you before you start applying for funding.



Finally, we consulted financiers to get tips and advice on how they view risk and what makes them decline applications. Take a look to ensure you have a solid application and business plan, thus increasing your chances for a successful application.



Carefully read through the Funding Landscape table to get an overview of the types of funders available, understand how their funding process works, and gain insight on their different offerings.





Message from

Nomathemba Malinga
Managing Director
Gravitas Africa

Reflections

Access to Finance for Female Entrepreneurs with services-based products requires patience and understanding

Despite years of effort to increase diversity in the venture capital (VC) and financial services industry, a significant gender gap remains among both investment decision-makers at VC firms and among recipients of business capital funding. In an ideal world gender and race should not be a factor in accessing business finance; however, it is a reality experienced by women across the world.

By design, we black women are the largest self-employed segment in South Africa, stemming from years of resilience developed in response to the struggles of the times. Many of us have stories of our mothers and grandmothers selling food on the street corners, running spaza shops, and selling insurance policies door-to-door.

It's this resolve that developed the character of the independent, strong businesswomen we see thriving in our country today. What is left unsaid are the struggles of exhaustive finance applications, funding pitches and rejection letters.

The Financial Sector Charter only specifies gender targets for staffing – which are controversially low – and is silent on gender equity in financial services outreach, enterprise development and procurement finance. Most financial institutions work on an assumption that B-BBEE policy will automatically benefit women, but Black women will remain marginalised if adequate measures are not taken to address this inequality.

I believe that the abundance of resources in both the private and public sectors are not matched by an understanding of women-owned enterprises and consulting-based businesses; and attempts to accommodate this growing market are insufficient.

Women like me have found that funders are more geared towards product and manufacturing based business. Services-based businesses are not well understood; they require a firm business model which bring the intangible to a firm quantifiable product and are results-driven.



Such businesses include lawyers, accountants, interior decorators, management consultants and media and communications specialists, to list a few. Their capital startup costs are relatively low and have potentially high yields in the long-term, as overheads and capacity can be scalable depending on frequency and size of projects at hand, thus the business can be dynamic and agile.

How you engage financiers with a services-based business can be challenging and requires innovation and a solid proposal with a proof of concept, including storytelling capabilities of your own "skin in the game" – blood, sweat, money and tears included. These are my lessons:



1. Pitching to financiers, VC and bankers is critical.

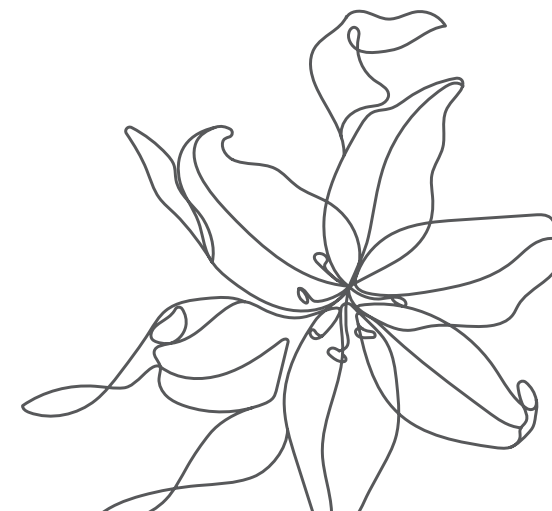
Be balanced in your written and verbal business proposal. Do not let yourself be cornered with risk-focused questions which prevent you from selling the vision of the business. The balance of the two is important. Craft a story, which shows end-user benefit, business model, profit and pricing model, and social impact.

2. Words and intentions matter. Whether you are a social entrepreneur or a for-profit business, have a clear model of how the business will break even and how you plan to make money. Do not be caught up in community benefits parts, because a business can only create jobs and support the community when it is profitable.

3. Research your business model but don't over think it. It's in our nature as women to be self-critical and ask opinions from people, but this can delay the progress. Research should be an empowering tool to test your ideas and financial proposals with people who have the right skills to provide insightful feedback and direction.

4. Use what you have. My experience is that many services-based businesses can self-fund in the beginning and would only need additional funding to scale after several months. This approach is an advantage because you would have a tried and tested business at this stage that has credibility. Therefore, not all business needs large sums of money or funding to start.

5. Rejection is not final. When you are unsuccessful in your finance application, always request feedback for the areas of improvement. In most cases an unsuccessful pitch is not a measure of self-worth but an opportunity to grow. After all, it takes tenacity to win.



Access to Finance

A: Funding journey



This is where you research the different types of financiers to find the one suitable to your business sector/needs.

- Spread your net wider and look beyond conventional financiers and loan facilities
- Government and private sector both have funding models that are designed and mandated to help SGBs
- Ensure you meet their qualifying criteria, including all compliance documents
- Keep personal and business credit profile clean and positive
- Have a clear understanding of the terms and conditions. Do NOT skip the fine print

B: Business Plan



Essential for showing potential investors that you have a sound plan and understanding of the business landscape, your targeted market environment, and forecasted financial feasibility.

- Ensure that your business plan is a operational guide and not a document that gets left on the shelf after the funding application.
- Be short and concise
- Use the correct and suitable business terms
- Have clear financial projections
- Conduct a SWOT analysis
- A sound and suitable marketing strategy

C: How to pitch



You need your potential investors/partners to see your business as attractive and get their buy-in, so how you 'sell' your business is critical.

- Trust your expertise and don't be intimidated
- Be clear on the reason you need the money and what it will do for the business
- Offer at least three definitive benefits to the financier
- Be bold but realistic about your financial projections and the potential investor's ROI
- Do not be modest about your previous successes; tooting your own horn is encouraged in this case

D: Post-funding support



Once the applicant has been approved for funding, the business will enter into contracting where documents such as the following may be signed:

- Deed of personal suretyship
- Loan agreement
- Loan quotations
- Records of interpretation
- Declaration of jobs, etc

These documents are legally binding and are there for the purposes of governing the relationship between the funder and the applicant. They also outline each parties rights and responsibilities.

During the tenure of the loan, the funder will walk the journey with you to ensure that the business grows and does well. You have to submit certain covenants on a monthly basis which are used as an input for post investment reports where red flags are pre-empted, and the business is upskilled if necessary to keep up with its scale. By now, you should also understand the impact that lending will have on your businesses.

Funding landscape

Commercial Banks

The general role of commercial banks is to provide financial services to the general public and business, ensuring economic and social stability and sustainable growth of the economy. In this respect, credit creation is the most significant function of commercial banks.



Standard Bank is a financial institution that offers financial services to individuals, businesses institutions and corporations. The Enterprise Development unit (ED), is mandated to support black-owned business with funding and business development support, in accordance with the Broad-Based Black Economic Empowerment Act.

Minimum - Maximum Funding

Up to R5 million

Types of funding

- Growth finance
- Working capital finance
- Debt finance
- Purchase order financing
- Bridging finance
- Specialised asset finance
- Grant finance

To apply, Contact:

Email: enterprisedevelopment@standardbank.co.za

Pros and Cons

- Pros: Commercial banks have a quicker turn around time than DFIs.
You are able to maintain business ownership.
- Cons: If the business is unable to service its debt the shareholders will be held personally liable.
Banks offer debt at a rate higher than DFIs because they are risk averse.
Start ups are not usually funded.

Development Finance Institutions (DFIs)

Development finance institutions (DFIs) can be either public or private authorities that provide or otherwise support economic development through various direct and indirect financing programmes such as SGBs development. DFIs play a major role in bridging the gap between 'bankable' businesses and SMEs which commercial banks shy away from due to risk aversion. DFIs offer financing products with a lower interest rate compared to other lenders because they are developmental in their approach.



Small Enterprise Finance Agency (SEFA) is a development finance institution whose mandate is to contribute towards job creation and economic growth by providing financial and non-financial support to small, medium, and micro enterprises (SMMEs) and Co-operatives. SEFA provides loan and credit facilities to SMMEs and Co-operative enterprises, providing credit guarantees, supporting the institutional strengthening of financial intermediaries so that they can effectively assist SMMEs and Co-operatives.

Minimum - Maximum Funding

R50 000 – R15 million

Types of funding

- Asset finance
- Bridging loans
- Revolving loans
- Term loans
- Purchase order finance

To apply, Contact:

Web: <https://www.sefa.org.za/>



The NEF provides funds to black entrepreneurs and groups with the aim of facilitating access to finance.

Minimum - Maximum Funding

R250 000 - R75 million

Types of funding

- Working capital finance
- Debt financing
- Bridging finance
- Revolving credit
- Specialised asset finance
- Quasi-equity finance
- Purchase order funding

To apply, Contact:

Web: <https://www.nefcorp.co.za/>



Funding landscape

Development Finance Institutions (DFIs)



The Masisizane Fund has a bias towards women, youth, and people with disabilities. Their work is concentrated in under-developed areas of South Africa, including its rural areas, small towns, and townships, where businesses are typically seen as high-risk and struggle to secure finance through traditional channels.

Minimum - Maximum Funding

R500 000 - R10 million

Types of funding

- Equity finance
- Debt finance
- Purchase order financing
- Specialised asset finance
- Grant finance

To apply, Contact:

Web:
<https://www.oldmutual.co.za/business/solutions/masisizane>,
Email: MasisizaneEnquiries@oldmutual.com,
Tel: +27 11 779 9400

Pros and Cons

- Pros: DFIs have a developmental approach and offer preferential interest rates to black, youth and women owned businesses.
- Cons: The turnaround times in DFIs are unfortunately lengthy and it may take as long as 3 months.



The Industrial development cooperation (IDC) is a national development finance institution established in 1940 to promote economic growth and industrial development. Finance for SMMEs is channeled through the Small Businesses Finance Strategic Businesses Unit.

Minimum - Maximum Funding

R1 million – R1 billion

Types of funding

- Growth finance
- Working capital finance
- Debt finance
- Purchase order financing
- Bridging finance
- Specialised asset finance
- Grant finance

To apply, Contact:

Contact call centre:
0860 693 888,
callcenter@idc.co.za

Alternative Financiers

Alternative financier refers to financial channels that have emerged outside traditional financial systems to provide funding particularly to SMMEs. This includes but is not limited to crowdfunding platforms, financial health platforms and fintechs.



The People's Fund is a purchase order crowdfunding platform for businesses that have orders with government and corporates and are looking for capital to deliver these orders, making it easier for entrepreneurs to get access to funding.

Minimum - Maximum Funding

Up to R1 million

Types of funding

- Purchase order financing

To apply, Contact:

WhatsApp & general inquiries:
081 285 1839
Email:
applications@thepeople.co.za
Website: <https://thepeople.co.za>

Pros and Cons

- Pros: Simplified application process; faster turnaround times.
- Cons: Shorter payment terms; more frequent payments; potentially higher interest rates.



Lulalend provides fast and flexible business funding to SGBs and sole traders that traditional lenders often can't serve. They use a tech-led, AI system and credit scoring algorithm to assess SGBs, their business health as well as the entrepreneur. It works in real time, enabling quick turnaround time.

Minimum - Maximum Funding

R10,000 - R2 million

Types of funding

- Working capital finance
- Bridging finance
- Credit facility
- Inventory finance
- Trade finance

To apply, Contact:

Web: <https://www.lulalend.co.za>
Email: support@lulalend.co.za
Tel: 087 943 2381

Funding landscape

Alternative Financiers



Spartan is an independent alternative financier providing funding to SGBs. They utilise a customised financing approach which is entrepreneur-centric and adopt technology smartly in key aspects of the financing process.

Minimum - Maximum Funding

R1 million - R25 million

To apply, Contact:

Contact: Nadine Laroy
nadinel@spartan.co.za
Odette Franklin odettef@spartan.co.za
Office: 011-886 0922



Three Arrows Impact Partner is a specialised advisory firm focused on impact investing and social innovation. We assist our clients – comprised of impact investors and non-profit/for-profit organisations – design and implement socially impactful and financial sustainable investments and projects. Our approach combines strategic insight, analytical rigor, and human-centered design thinking. Supported by the on-the-ground knowledge of emerging markets, we apply this integrated approach to accelerate impact.

Minimum - Maximum Funding

Provides advisory services

Types of funding

- Grant funding
- Growth finance
- Equity finance

To apply, Contact:

Website: www.threearrowsimpact.com



Emerge Group is a diverse and agile management consultancy, equipped with specialist divisions to both focused on People and Business Development. They possess the expertise which enable them to support and assist in delivering key services to large and small business. EmERGE Group (Pty) Ltd and The Business Place NPC jointly conceptualised Closing the Gap Fund through the support of Jobs Fund, which is managed by the Treasury Government Technical and Advisory Committee (GTAC). Through this fund, EmERGE Group provides funding that assists existing and budding SGBs with financing and business support training, with the intention of creating full term employment opportunities.

Minimum - Maximum Funding

Up to R5 million

Types of funding

- Enterprise development/expansion
- Light infrastructure
- Support for work capital

To apply, Contact:

Web: <https://www.emerge-group.co.za/>
Email: infor@emerge-group.co.za
Tel: 010 442 7230



Success Story: NRP Properties



Nicholene Puleng Tubane
Chief Operating Officer NRP Properties

ABOUT NRP Properties

NRP Properties was established in 2007 and specialises in corporate refurbishments, tenant installations including white box, dry wall partitioning, and general building. NRP Properties goes beyond the merely functional and aesthetically pleasing to create spaces that are warm, comfortable, and friendly.

Q: How did you go about your funding journey and what were the challenges you had to overcome to get it?

A: We were awarded a contract from the South African Reserve Bank but could not start work due to cashflow limitations brought about by COVID-19 and lockdown regulations. We approached Closing the Gap Fund for a facility and the application was declined due to how the funding request was structured.

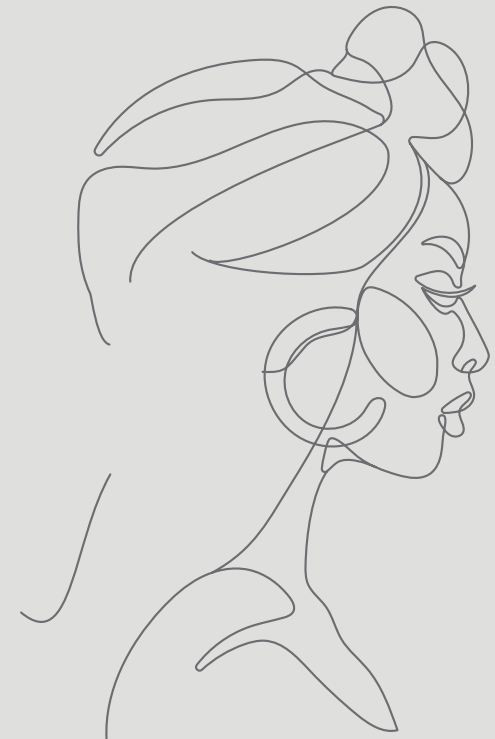
Following this, we received assistance from Property Point in re-packaging the application, reviewing the requested documentation, and addressing the queries from Closing the Gap Fund credit committee. Property Point assisted us with enhancing the motivation, adjusting the financial projections, and ensuring that the resubmission was circulated for approval within a short period.

“We are grateful to the Property Point Team for the continuous support given towards our development and the role played in unlocking the SARB project funding.”

We received the funding and the business was able to take in two NBI learners for work experience, with one learner on full-time. Through the Property Point Programme, NRP has been able to access finance and create employment.

Q: What advice would you give other women entrepreneurs who are struggling with getting funding?

- A:
1. Write a motivational letter that stipulates the need and reason for funding. Be detailed on how funding will be helpful.
 2. Have projections as to how funding will aid your business growth.
 3. Once granted, ensure that the funds are used for what you initially applied for and be hands on in ensuring the funds are paid back within agree time. Should there be delays in payments, communicate with the funders especially when awaiting payment.





Criteria for funding

Property Point approached a few finance and funding institutions to get a clear understanding of the criteria they use to qualify entrepreneurs for funding. While most SMMEs face similar challenges with access to funding, women entrepreneurs have cited an especially difficult time in obtaining capital. The government's mandate is to prioritise Black women-owned businesses in order to level the playing field, and finance institutions are often incentivised and partnered with to advance this directive.



51% or more Black South African owned

- Businesses located in rural or economically depressed areas are prioritised
- Commercial viability and ability to repay
- Must create employment



51% or more Black South African owned

- Be a South African citizen
- Have trading history/off-take agreements/franchise agreements in place



No particular client preference but priority to Previously Disadvantaged Individual

- Prioritises black women, youth, and people living with disabilities
- Sound business plan



Majority Black South African owned

- Business domicile must be based and registered in South Africa
- Be within the required contractual capacity
- Be compliant with generally accepted industry governance regulations
- Applicant be the majority shareholder and work on the business



51% or more black South African owned

- Business must be trading within South Africa
- Must have annual turnover of less than R10million
- Main applicant must be a shareholder working full-time in the business
- Must have a valid B-BBEE certificate
- Relevant industry compliance documents e.g. NHBRC



51% black owned business

- B- BBEE certificate or affidavit
- Have valid purchase order with a previous client
- 20% gross profit margin unless the PO value is R50 000 or less
- A 60-days project, with a delivery or execution that is not more than 30 days and payment period that is not more than one month. Projects beyond this mark are also considered but not preferred



Criteria for funding



- 2 years set annual financial statement
- Latest Management accountant
- Latest 3-month bank statements
- Debtors and Creditors Analysis
- Overdraft facility agreement (if applicable)



- SGB must commit to undergo training and business development support
- Selected beneficiaries must demonstrate potential to grow their turnover
- Selection criteria will prioritise SGBs with high labour absorptive capacity
- Must meet the definition of black as per DTI and the Revised Financial Sector Code
- Must have at least 51% black ownership, managed and controlled
- Must have direct involvement in the business operations
- Must have the ability to create new and sustainable jobs
- The business should have a well-detailed business plan
- Must have a strong track record evidenced by business performance and/or strong expertise in their industry

- SGBs should be committed to good governance and has strong financial and management systems in place
- Business should look at using the credit for between 0-3 years
- Business should be responsible, co-operative, transparent, and of sound integrity
- First time entrepreneurs who demonstrate the ability to start and manage a business and have suitable experience
- Repayments will be in the form of debit order payments from the client's business account and are to be made monthly
- SGBs must be committed to good governance and have strong financial and management systems in place as well as demonstrate financial viability and sustainability of the business



The Application Process






Applying for funding comes with its own unique set of processes. It can be long a tedious exercise that requires a lot of administration, but it is a necessary time investment into your business. Use this guide as a toolkit to make the funding application process easier.

Most funders require similar documents from applicants, and thanks to technology, they also offer an easy-to-follow online application process. All compliance requirements must be adhered to, and you **MUST** observe the requirements. Be aware of the turnaround time, which can be anything from 24-hours to three months to close a transaction, so that you don't waste time on long-term responses when your business needs quick funding for things like a purchase order.

Summary of the application process:





 Standard Bank	 THE PEOPLE'S FUND			 Small Enterprise Finance Agency
<p>Online Application enterprisedevelopment@standar rdbank.co.za</p> <p>Turnaround Time: +/- 4 days</p>	<p>Online application</p> <p>Due diligence check (bank statements; background check; validation process)</p> <p>Facilitation fee 6%</p> <p>Turnaround Time: 2-5 days</p>	<p>Online application</p> <p>Submission of personal and basic business details</p> <p>Turnaround Time: 24-hours</p>	<p>Online Application applications@emerge-group.co.za</p> <p>Turnaround Time: +/- 4 days</p>	<p>Complete application form and submit with relevant supporting documents via email or physical copy to your nearest regional office.</p> <p>Basic assessment</p> <p>Due Diligence</p> <p>Investment Committee</p> <p>Disbursement</p> <p>Turnaround Time: 4 - 12 weeks</p>

Ensure that you have all your documents ready as stipulated under criteria.

Tips from Financiers

- Package a succinct business plan that clearly articulates your company background, funding need, technical capability, revenue/sales drivers, and development impact
- Look at your credit score before applying. Personal and business finances should be in good standing
- Think ahead and apply for funding when your business is doing well, not when it is at its lowest
- Think of funding as an investment so that you can envision your ROI. This will help you determine whether you need long-term or short-term finance; ultimately giving you direction as to which funders you need to approach
- If unsure of what is required, ask for clarity
- Always have offtake agreements and contracts to take when seeking funding
- Say what you believe are your strengths and weaknesses. This is important as it shows the awareness around your business and commitment to it
- If an application is declined, enquire why – this provides an opportunity to improve and develop the business plan further

- Create a funding pack since most financiers want similar things. Preparedness is critical.
- Make sure that you understand all the additional costs

Reasons for declining applications

- Weak business plan
- Poor credit history (multiple judgments)
- Unstable industry
- Saturated market with no potential for growth

Risk

The management team must have the requisite expertise to run the business. If not, it is best you find technical partners who have experience and industry knowledge. Funders back the jockey (entrepreneur) and not the horse (business).

Overall, applicants must demonstrate commercial viability and be able to service the loan and pay creditors and employees. Funders screen for the following:

- Management's technical expertise
- Mandate fit
- Commercial viability

The table below depicts some of the risk factors considered by funders:

Risk Factor	Impact
Management	High
Operational	High
Customer	High
Supplier	Medium
Credit	Medium
Liquidity	Medium
Legal, Regulatory & Reputational	High
Collateral	Medium



Acronyms

4IR	Fourth Industrial Revolution
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CIPC	Companies & Intellectual Property Commission
DFI	Development Finance Institutions
ED	Enterprise Development
IDC	Industrial Development Cooperation
NEF	National Empowerment Fund
NHBRC	National Home Builders Registration Council
PDI	Previously Disadvantaged Individuals
PO	Purchase Order
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SGB	Small & Growing Business
SLA	Service Level Agreement
SMMEs	Small, Medium & Micro Enterprises
SWOT	Strengths, Weaknesses, Opportunities & Threats
VC	Venture Capitalist
WSGB	Women-Owned Small & Growing Business

Glossary

Risk Aversion: An investor who chooses the preservation of capital over the potential for a higher-than-average return

Deed of Suretyship: A contract whereby a person (surety) undertakes to the creditor of another person (principal debtor) that, as an accessory to the principal debtor's liability, they (surety) will be liable for the debt

Funding Instrument: A type of funding issued by an investor

Quasi Instrument: A type of financing that ranks between equity and debt, having a higher risk than senior debt and a lower risk than common equity

Covenants: Documents the funder and applicant have agreed will be submitted periodically, such as bank statements, management accounts, jobs declaration form etc

Interest Rate: The proportion of a loan that is charged as interest to the borrower, typically expressed as an annual percentage of the loan outstanding

Yield Enhancer: A strategy used to increase core returns by certain funders

SGB: A business that has between 5–250 employees, seeking growth capital from +-R300 000 – R30 million, are too small for traditional commercial capital, but too large for microfinance.



Special Thanks to our Funders



About ANDE

The Aspen Network of Development Entrepreneurs (ANDE) is a global network of organisations that propel entrepreneurship in developing economies. ANDE members provide critical financial, educational, and business support services to small and growing businesses (SGBs) based on the conviction that SGBs create jobs, stimulate long-term economic growth, and produce environmental and social benefits.

As the leading global voice of the SGB sector, ANDE believes that SGBs are a powerful yet underleveraged tool in addressing social and environmental challenges. Since 2009, we have grown into a trusted network of nearly 300 collaborative members that operate in nearly every developing economy. ANDE grows the body of knowledge, mobilises resources, and connects the institutions that support the small business entrepreneurs who build inclusive prosperity in the developing world.

ANDE is part of the Aspen Institute, a global nonprofit organisation committed to realising a free, just, and equitable society.

Aspen Institute

The Aspen Institute is a global nonprofit organisation committed to realising a free, just, and equitable society. Since its founding in 1949, the Institute has been driving change through dialogue, leadership, and action to help solve the most critical challenges facing communities in the United States and around the world. Headquartered in Washington, DC, the Institute has a campus in Aspen, Colorado, and an international network of partners.

The United States Agency for International Development (USAID) leads international development and humanitarian efforts to save lives, reduce poverty, strengthen democratic governance and help people progress beyond assistance. USAID transforms families, communities, and countries – so they can thrive and prosper. Whether by preventing the next global epidemic, responding to a devastating earthquake, or helping a farmer access tools to grow her business.

Our objective is to support partners to become self-reliant and capable of leading their own development journeys.

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