**QUESTION FOR WRITTEN REPLY**

**NATIONAL ASSEMBLY**

**“2397. Mr R W T Chance (DA) to ask the Minister of Small Business Development:**

**Whether her department has (a) conducted any investigations into the (i) business model of and (ii) impact of and/or (b) considered the extent to which the operations of the Small Enterprise Foundation based in Tzaneen provide a model for large-scale financial support for women-owned small-, medium- and micro-sized enterprises; if not, in each case, why not; if so, what are the relevant details in each case?”**

**NW2645E**

**REPLY:**

(a)(i) SEFA has been supporting SEF’s activities since the days of Khula Enterprise Finance. The basis of the support was a thoroughly conducted due diligence (investigation) to determine the appropriateness of their model to discharge the Government mandate to expand and strengthen microenterprises in South Africa. SEF has raised facilities with SEFA since 2005 when it borrowed R9,6 million until recently when it borrowed R30 million. Each time SEF has gone to SEFA for loans, a new due diligence that interrogates SEF’s business model has been conducted, with the findings contained in the submission to SEFA’s Executive Committee for consideration.

(ii) SEFA has a balanced scorecard that it strives to achieve through its activities and partnerships. The scorecard includes the following:

• Facilities disbursed in priority Provinces (Numbers and Rand Values)

• Facilities disbursed to Youth (18 – 35 years of age) (Numbers and Rand Values)

• Facilities disbursed to Women (Numbers and Rand Values)

• Facilities disbursed to Blacks (Numbers and Rand Values)

• Facilities disbursed to entrepreneurs with disability (Numbers and Rand Values)

• Number of jobs facilitated (created and maintained)

Whenever a funding proposal is submitted to SEFA, the subsequent due diligence interrogates the performance of the applicant against this scorecard. SEF has continually been assessed against these parameters and confirmed to have a huge impact on almost all of them except the facilities to people with disabilities. In addition, as part of the monthly reporting protocol for all approved funding applicants, monthly performance data is submitted to SEFA and is strictly monitored by SEFA’s Post Investment and Monitoring (PIM) Division.

SEF’s development statistics are also collected according to this process. Furthermore, SEFA conducts random monitoring visits that include interviewing SEF’s clients to determine the impact of the loans extended to them. The feedback obtained has further highlighted the impact of the government funding to women channelled through SEF. Currently, SEF operates in five (5) priority Provinces of Limpopo, North West, Northern Cape, Mpumalanga and the Eastern Cape. Over 99% of their portfolio is to women. More than 60% of all development statistics reported by SEFA on an annual basis are achieved through partnership with SEF.

(b) The SEF business model derives from the iconic Grameen Bank lending model. It utilizes solidarity groups made of up to five (5) women each. Seven of these groups get together to form a “centre”. The “centre” becomes the administrative machinery for not only assessing and recommending loans to members, but also the authority to ensure that all loans are collected. Other benefits that come from the “centres” include peer support for both business and social purposes. In many countries, the “centres” become the mechanism to empower women on a number of other social matters including HIV/AIDS education, nutrition and sanitation. SEF interacts with its clients through the group and “centre” meetings and provides the essential business education for strengthening the microenterprises.

Given the success of SEF and similarly structured programmes here in South Africa and elsewhere, it has been established that SEF’s business model is absolutely appropriate for providing large scale financial support for women-owned small-medium- and micro-sized businesses.