

BLUEPRINT FOR SA

Gauteng launches R300m debt fund for township businesses

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The Gauteng government, the Industrial Development Corporation (IDC) and the SA SME Fund have launched a R300m debt fund to help small and medium enterprises (SME) in the province's townships.

The SMME Crisis Partnership Fund aims to help township businesses that do not qualify for funding from the formal banking sector get access to much needed capital. The Gauteng government, the IDC and the SA SME

Fund have each contributed R100m towards the fund.

"Today's launch of the SMME Crisis Partnership Fund is part of our deliberate approach to reignite the township economy and elevate it to respond to the current needs of society," said Parks Tau, Gauteng's MEC for economic development.

The Gauteng provincial government's contribution to the fund is to provide a first-loss guarantee, meaning it will assume the first portion of any losses, to try to attract more private sector funding to the initia-

five. The fund aims to address the economic inclusion of township businesses in Gauteng, with the hope that this will provide a blueprint that can be replicated and scaled across SA.

TOWNSHIP PROPERTY OWNERS HAVE STRUGGLED TO GET FLEXIBLE AND RISK-FREE FUNDING TO BUILD BACKYARD RENTAL FLATS

The fund is already committed to six intermediaries, who will facilitate the provision of working capital and asset finance to Gauteng township entrepreneurs, while a seventh intermediary is also in the pipeline.

Three intermediaries – Indlu Living, ProfitShare Partners and Crede Capital Partners – have already finalised their agreements, and the full allocation process is expected to be completed by the end of October.

Indlu Living provides micro property and backyard develop-

ers in townships with an all-in-one rental management software, finance and property development solution, which allows property owners to fund the building of rentable backyard rooms. Loans are then typically paid off from the rental income, which create a pool of township-based property entrepreneurs that further benefits an ecosystem of other small businesses such as builders, electricians and cleaning service providers.

"For many years, township property owners have struggled

to get flexible and risk-free funding to build backyard rental flats," said Tau. "We are working in partnership with Indlu Living to provide that assistance to property owners."

The SMME Crisis Partnership Fund will double Indlu Living's loan book, enabling it to create between 60 and 70 new property entrepreneurs. The Gauteng provincial government's SMME development entity, the Gauteng Enterprise Propeller (GEP), will be working hand in hand with SA SME, which will manage the fund on a pro bono basis, and the

IDC to ensure the success of the fund.

"This important partnership reflects our collective intent of supporting the growth of township economies and SMEs measurably," said TP Nchocho, CEO of the IDC. "The fund will enable entrepreneurs to contribute to creating sustainable jobs, [increase] economic activity and [sustain] livelihoods. The IDC will use the learnings from this and other funds and investments to replicate the approach and impact in other provinces."

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