

MEDIA STATEMENT

TOWNSHIP ECONOMIC PARTNERSHIP FUND (TEPF) AND THE SA SME FUND ANNOUNCE THE ESTABLISHMENT OF THE SMME CRISIS PARTNERSHIP FUND

The Township Economic Partnership Fund (TEPF) and SA SME Fund are pleased to announce the creation of the **SA SMME Crisis Partnership Fund** to help bolster access to funding, reduce funding barriers and eliminate long turnaround times for township SMMEs in Gauteng. The TEPF is a partnership between the Gauteng Provincial Government (GPG) (through the Gauteng Department of Economic Development), the Gauteng Enterprise Propeller (GEP), and the Industrial Development Corporation Limited (IDC) aimed at providing funding support to small township-based businesses.

The SA SME Fund is a private sector company established by the CEO Initiative, a collaboration between the CEOs of corporate and government set up to support the SMME sector. The Fund has allocated capital to reputable fund managers that provide funding in the venture capital and private equity market as well as to non-bank SME debt providers. These funds invest directly in scalable micro, small and medium enterprises with the best potential for growth and sustainable employment creation in the South African economy.

The TEPF has leveraged R400m in funds towards supporting the township economy with the GEP and IDC each committing R200m. For the **SA SMME Crisis Partnership Fund**, SA SME Fund has committed R100m, while the GEP and IDC will commit R100m each through the TEPF bringing the total funds committed to the SA SMME Crisis Partnership Fund to R300m. Among other objectives, the **SA SMME Crisis Partnership Fund** seeks to address barriers that for long have constrained the growth of township SMMEs and limited their participation in the mainstream economy thereby exacerbating high levels of poverty and unemployment in townships.

It will provide loans of up to R1.5m per qualifying enterprise and will exploit the use of technology to reduce turnaround times and reach more SMMEs. The fund comes at a time when the Gauteng Premier, David Makhura, is expected to sign the Township Economy Development Bill into an Act on 29 April 2022 at the Orlando Communal Hall.

The Act creates a new designation - the township enterprise zone - which allows the government to stack benefits and programmes in specific geographic areas to spur diverse, job-generating economic activity. It provides for the promotion and development of the township economy by creating a conducive environment for trading, licensing, and principles to be adopted by municipalities in drafting and adopting by-laws that affect township based SMMEs. "As part of our overall efforts which are guided by the Township Economy Development programme of the Gauteng Provincial Government to ensure that SMMEs in townships have improved access to finance, we are pleased to partner with the SA SME Fund.

This partnership broadens our access to SMMEs, particularly as we will be working with fund managers who already have a pipeline of applicants in the township economy. Through this partnership, we want to make it much easier for Gauteng SMMEs to access the loan funding that they require to help sustain and grow their businesses." explains Saki Zamxaka, CEO of GEP. In addition to its financial commitment, SA SME Fund will use its technical expertise, experience, and sector specialists in the township economy to help reach township enterprises.

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“The SA SME Fund believes that this partnership with the Gauteng Government and the IDC is an effective way of leveraging different skills sets and pools of capital to support entrepreneurs and help SMEs grow. The Gauteng Province has proven to a leader in developing this innovative partnership, which hopefully will be replicated in other provinces. We are proud to be an early partner to the GEP in this strategic intervention to build the Gauteng Economy” said the CEO of the SA SME Fund, Ketso Gordhan.

Commenting on the partnership, IDC CEO TP Nchocho emphasised the need to support the growth of SMMEs and other township-based businesses. “Townships are a hub of entrepreneurial ingenuity yet lack of funding support to township-based businesses has in a way impacted growth of township-based businesses. For us as the IDC, we see great potential in the township economy. For the record, the IDC invested over R10bn in over 300 transactions for township-based businesses over the last 15 years, said Nchocho adding that this initiative would build on the IDC’s relations with the Gauteng Provincial Government that offer tailored support to small businesses.

Formulated and distributed on behalf of TEP by:

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