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## Presentation

*The purpose of this presentation is to provide an update on the Apex Fund operations*

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## SAMAF Overview

- SAMAF Model
- Strategic Objectives
- Implementation Plan
- Current delivery infrastructure
- Target Market
- Operational Structure

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## TEN YEAR REVIEW MICROFINANCE SECTOR

### PREVAILING MICRO-FINANCE MARKET CHALLENGES

Micro-enterprises have no capital of their own

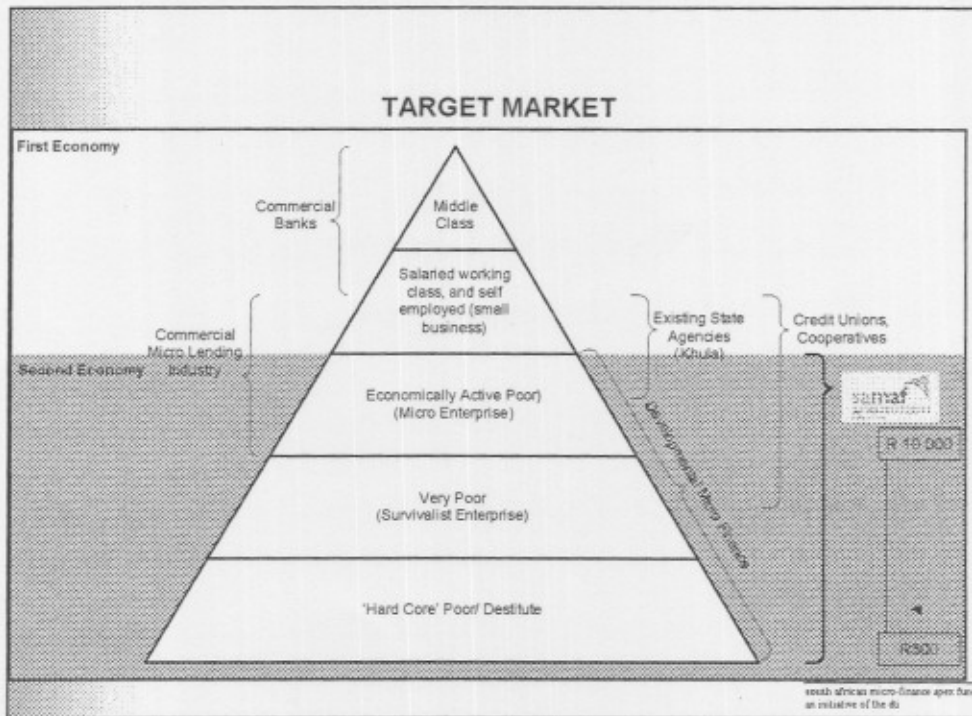
- Micro-enterprises lack significant securities
- Micro-enterprise owners have no basis for soliciting funds from family members
- Micro-enterprises have no "credit record"
- Outreach and access of appropriate financial services biased against the poor and the unemployed
- Cost of capital and migration of services to the poor and the issue of sustainability
- Challenges of institutional and client capacity as well as poverty focused micro-finance capacity

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## APEX RATIONALE

- Provide loan access and capacity building not offered by other institutions
- Enable a high degree of credit provision targeting micro enterprises
- Establish financial models to encourage private sector resource mobilization to the sector
- Better branding of the state's involvement in the micro-credit sector
- Support smooth and efficient growth of the micro credit sector in South Africa.

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### SAMAF STRATEGIC OBJECTIVES

#### WHAT DOES APEX SEEKS TO ACHIEVE

- Grants mobilizations towards micro-entrepreneurial activities
- Build credit capacity of individuals through group savings mechanisms
- Build asset base of communities through mobilization and strengthening of their economic initiatives
- Social mobilization towards graduation of social groups away from grant dependency to entrepreneurial activities

## SAMAF MODEL

### ELEMENTS

- Poverty Alleviation 70 %
- Micro-enterprise development 30%
- Cross-cutting element-capacity building
- Outreach
- Savings mobilization support

### Poverty Alleviation Focus

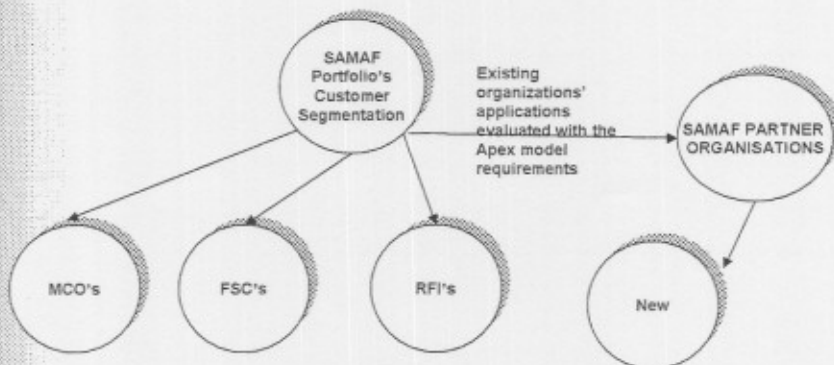
- 80% consumer ( Hard-core)
- Bridging mechanisms from subsistence providing basis for growth to family owned micro-enterprises ( Survivalist)

### Micro-enterprise Development Focus

- Building capacity towards economically active micro-enterprises with a potential for formalization

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## Continue...SAMAF MODEL



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## SAMAF PARTNER ORGANISATIONS

### BASIC REQUIREMENTS

- Ownership status clearly defined
- Registered entity
- Governance structures in place
- Physical accommodation secured
- Compliant with regulations and legislative requirements
- Client base record giving a minimum of 200 initial clients with a growth potential to 1200 within 12 months

## SAMAF IMPLEMENTATION PLAN

**Phase I –From march 05 to march 06**  
Finalising a business plan  
Registration of the fund  
Operational, H/Resources, institutional operations and network systems-  
MCO/RFI/FSC capacity & funding-Selection  
Loan disbursements through Khula accredited  
16 MCO

**Phase II –June 05 –May 06**  
Approval and population of the organizational structure

**Existing organizations applied and evaluated with the Apex model requirements**  
Evaluation and selection of new partner organizations  
Competency building - loan disbursement to new 50 partner organization  
Capacity building for provincial network to assist with the widening of the APEX model outreach with emphasis on monitoring and evaluation

**Phase III**  
Approval of Apex budget 2006/7  
Full roll out of disbursement plan across provinces  
Branding and promotion of partner organizations

**Phase I –All completed**

Apex successfully launched I six provinces

Outstanding provincial launches to be done by August 2006 starting with Western Cape in June 2006

**Phase II-**

Structure approved  
Appointments initiated: CEO, provincial coordinators, contracts for current support staff reviewed

Capacity building for 50 new selected partner organizations ongoing

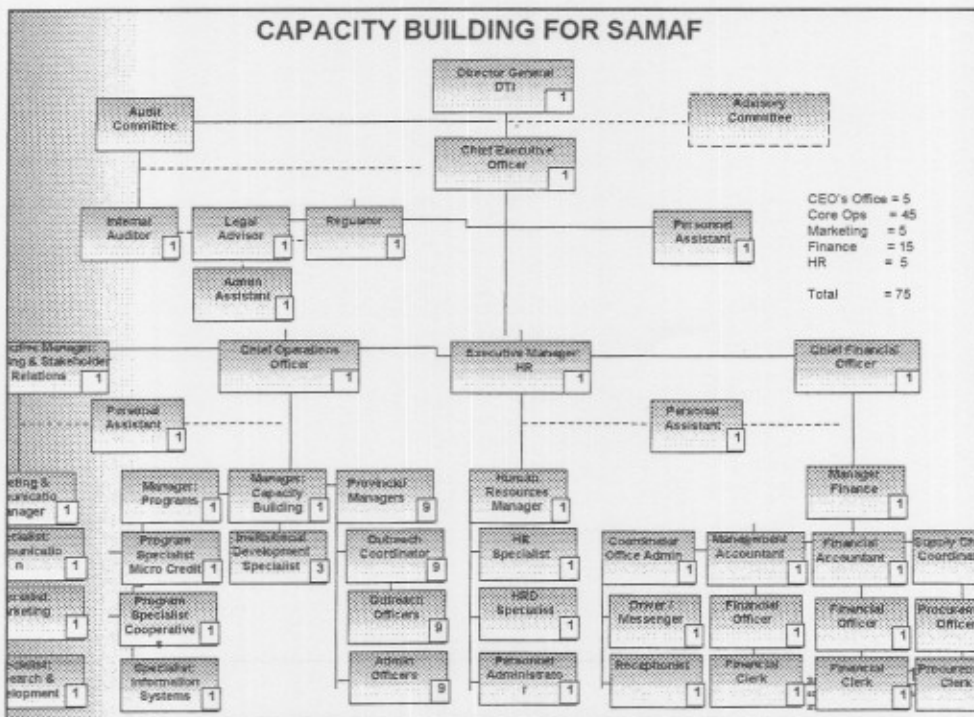
Capacity building for provincial network of coordinators

**Phase III**

R80m approved  
Marketing and communication strategy in implementation

## CAPACITY BUILDING FOR SAMAF PARTNER ORGANIZATIONS

- Business Plan
- Corporate Governance Support including infrastructure support
- Management systems deployment including user training
- Loan disbursement and product knowledge training
- Client education



## DISBURSEMENTS THE ISSUE OF INTEREST RATES

### RETAIL LENDING TO END-BORROWERS

#### Poverty Alleviation

- 36% per annum – 3% per month

#### Micro-enterprise development

- 60% per annum – 5% per month

#### Market Comparison

#### Current alternatives for the Apex Target group

- Micro-lenders: 25% per month
- Developmental Micro-finance agents ( e.g RFI's) 8-9% per month

### WOLESALE LENDING TO POs

#### Poverty Alleviation 2- 4%

#### Micro-enterprise 4- 6 %

The first three year term of Apex provides a research base on the sector including the cost of servicing the market which a key factor in interest charges and its appropriate intervention instruments

## Disbursements 2005/6; MCO Loan Portfolio

Name	Province	Town	Loan Portfolio	Number Of Clients
Akanani Financial Services	Limpopo	Waterfall	R 377,702.00	841
Dinooi Financial Services	Gauteng	Thokoza	R 564,037.00	1074
Ekukhanyeni Finance	Mpumalanga	Leandra, Leslie	R 360,061.00	808
Emerging Entrepreneurs	Mpumalanga	Ermelo	R 579,760.00	998
Eyethu Community Finance	Eastern Cape	Mount Frere	R 486,725.00	1786
Isivivane Sethu Finance Institute	KZN	Durban	R 536,672.00	1001
Letlepu Finance Enterprise	North West	Zeerust	R 394,126.00	1005
Libec Micro Finance	Eastern Cape	Libode	R 444,374.00	1828
Makwande Business Fin.	Mpumalanga	Middelburg	R 340,959.00	459
Matatiele Financial Services	KZN	Matatiele	R 536,355.00	992
Ncedisizwe Enterprise Support	KZN	Bergville	R 362,755.00	691
Philsisizwe Enterprise Support	KZN	Empangeni		2143
Siyakhula Micro Business	Mpumalanga	Nelspruit	R 957,562.00	870
Titshu Micro Finance	Limpopo	Makopane (Potgietersrus)	R 880,608.00	1175
Tsholo Entrepreneur Center	Eastern Cape	Lady Grey	R 837,582.00	589
Women's Development Bank	Limpopo		R 2 000,000.00	2010
Umthombo Small Business	KZN	Pietermaritzburg	R 362,794.00	556
<b>Total</b>			<b>R 10, 086,372.00</b>	<b>17611</b>

OUT-REACH TARGETS	
<p><b>Current Apex Delivery Infrastructure</b></p> <p>North West Province      6            Eastern Cape              10            Free State                  2            Gauteng                      5            KZN                            9            Limpopo                      6            Mpumalanga                8            Western Cape               2            Northern Cape              2  <b>TOTAL                        50</b></p> <p>Provincial Managers appointed for all Provinces</p>	<p><b>Projections Per PO based on the sustainability model</b></p> <p>Minimum 4 employees per PO</p> <p>Minimum 500 loans disbursed per PO in the first year</p> <p>Minimum 1200 clients per PO for the savings portfolio</p>
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CONTINUE...OUT-REACH TARGETS	
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## MOVING FORWARD

**CHALLENGES**

State of current infrastructure

MCOs

**Cooperation with National Treasury**

-Extension of Capacity building activities to  
FSCs and in build regulatory mechanisms

-16 Current Operational MCOs

-Adequate office infrastructure

-require co-branding as SAMAF Partners

-ensure compliance to regulatory framework



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**Thank You**