

- DED Projects
- Soweto Empowerment Zone
- Funding Instruments
- Jozi Equity Fund
- SMME Working Capital Fund
- Dirang Ba Bohle Community Finance Institution
- Hoek Street Private Sector Pilot

DED SMME PROJECTS

Labour Market Information Systems

Financial literacy and entrepreneurial training

BEE Database

Skills strategy incorporating recognition of prior learning and skills implementation roll-out

Community Bank Model

Skills Hub

Career Guidance

Enterprise Development for poverty Alleviation

Framework - Ex military veterans and programme roll-out

Wits Access Programme (Access to higher education)

Maths and science teacher development programme (access to higher education)

DED SMME PROJECTS cont....

Business Place

Promulgation of trading areas

Informal Trading Policy

Co-operatives Strategy in the City

Grow your business

Soweto Festival

SMME Fund

Rollout Linear Markets

BPO Skills Hub




Broadband

The Site of the Empowerment Zone



Diagram 3

LOCAL CONTEXT LAND VALUE & VISIBILITY

-  Major Roads
-  Local Roads
-  High Visibility,
High Value Land
-  Intermediate
Visibility,
Intermediate
Value Land

Potential Clusters, Critical Success Factors, and Championship

❑ Potential Clusters:

- Furniture & Home Ware;
- Home improvements;
- Motor Repairs/ Servicing (Automotive);
- Medical;
- Paper & Printing;
- Property development and management

❑ Success Factors – The Clusters would:

- share property facilities
- Contribute to overall property management
- Contribute to shared cleaning & security services
- Be viable in their own right
- Cover costs of operating in the SEZ
- Encourage smme growth & viability
- Add economic dynamism
- Contribute to developmental goals

Funding Instruments

- Loans and Syndicated Loans
- Structured Finance
- Off balance sheet Funding
 - Project Finance
 - Public Private partnership (PPP)
- Securitisation

Funding Instruments

Syndicated loans: A loan in which a group of banks extend a loan to a borrower on a joint loan agreement. There is normally one lead bank and each bank extend a certain percentage of the total loan

Structured Finance: An innovative funding solution created to help transfer risk using complex financial, legal and corporate structures

PPP: A contract between a public sector institution/municipality and a private party, in which the private party assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project.

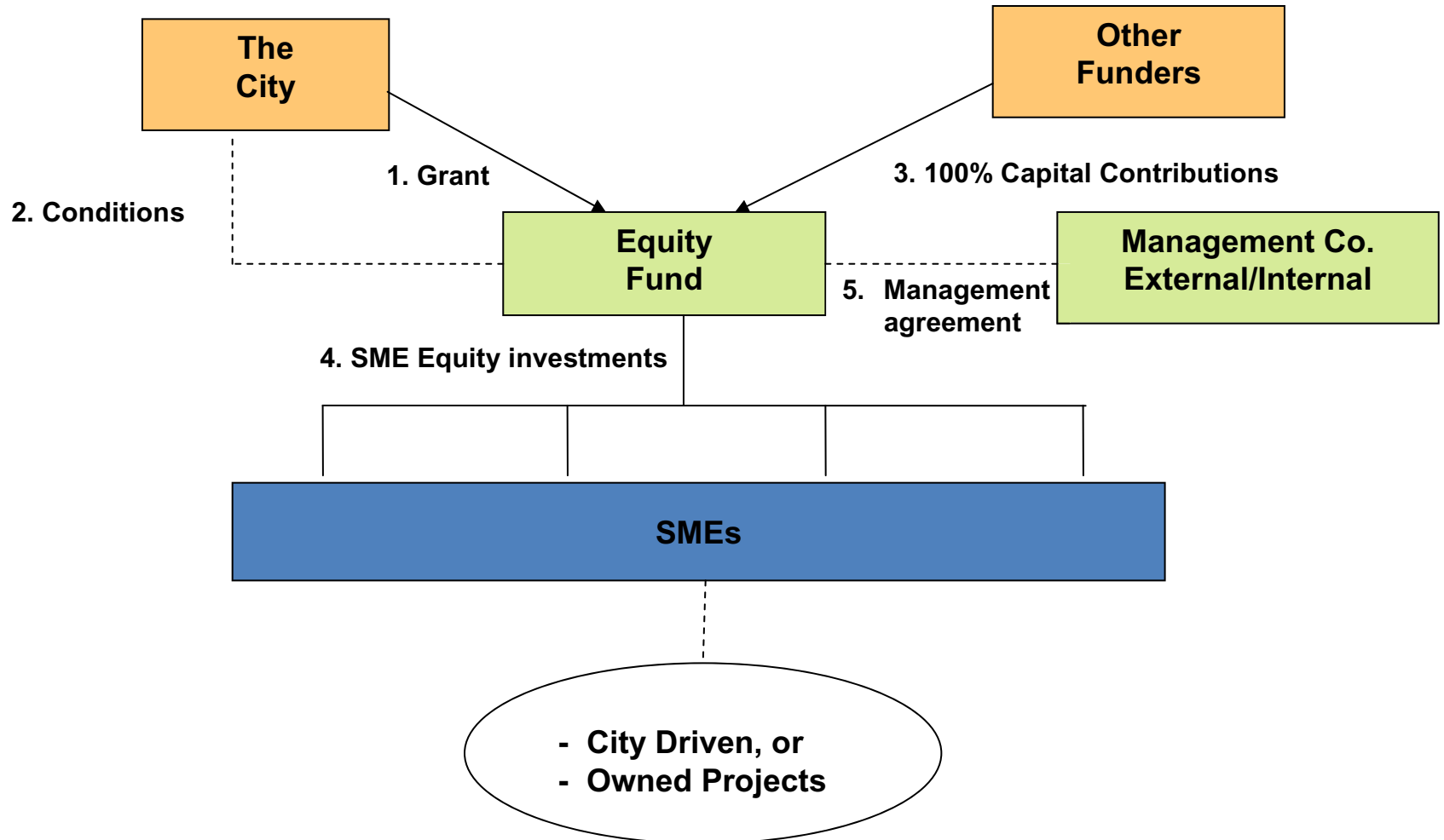
Securitization: A financing process in which a corporate entity moves assets, to an ostensibly bankruptcy-remote / low risk vehicle(SPV) , in order to obtain lower interest rates from potential lenders. This is obtained because the assets cannot be seized in a bankruptcy proceeding, the risk is less for lenders and they are willing to offer a lower rate

Proposed Jozi Equity Fund

The Equity Fund seeks to:

- As part of Joburg 2030 flagship or catalyst project to support economic growth and create employment
- Benefit SME and/or BEE entities operating in the City, as primary beneficiaries
- Target programmes initiated by the City
- Target sectors will largely be in line with Council's strategy as identified in the Joburg 2030 strategy
- Act as an agent for economic growth for SME by facilitating access to markets. According to the World Bank, SME growth and development is tied to the growth of large-scale corporations/entities.
- Recognise that SME development and growth is intimately tied to the growth of large scale firms
- Through other City programmes develop incubator and mentorship programmes for SME's

Proposed Jozi Equity Fund Structure



SMME Working Capital Fund

The SMME Working Capital Fund seeks to:

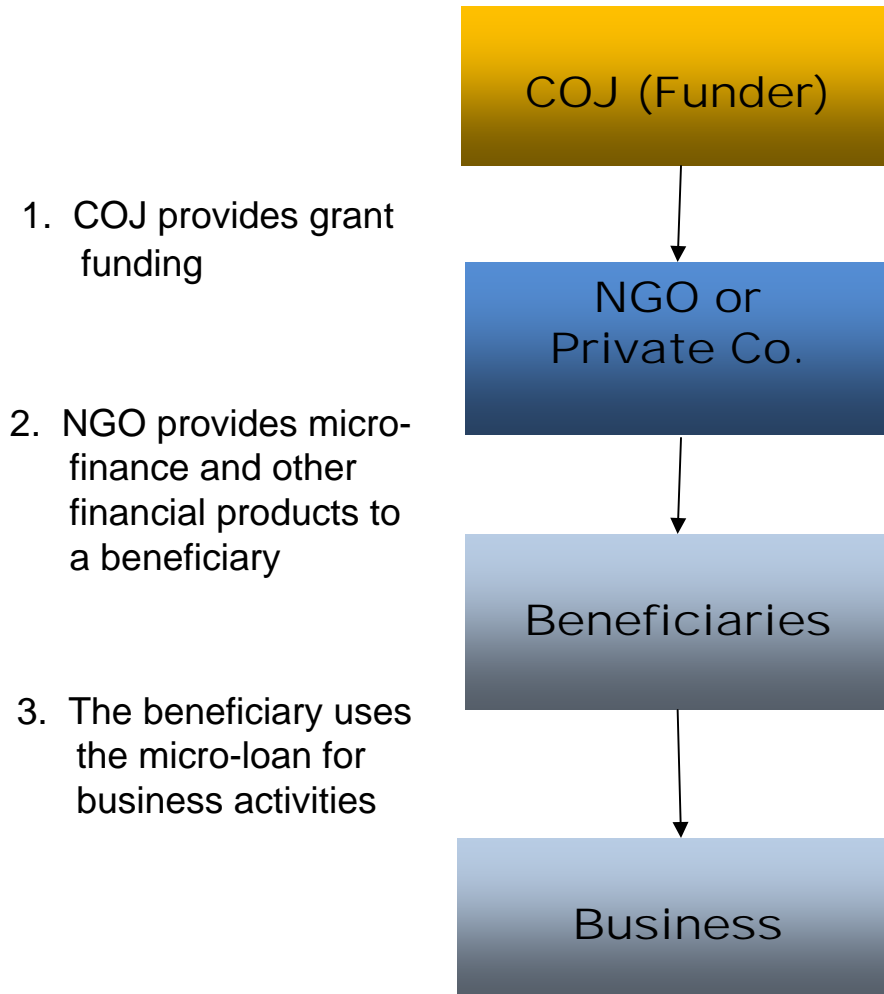
- Provide working capital funds to SMME that have a contract with the City.
- The funds would be disbursed in tranches directly to the SMME's supplier/banker.
- Upon delivery of goods and services to the City, the City would then pay the supplier/banker directly.
- The City/Banker would in turn disburse the margin on the contract to the SMME.
- Effectively this fund facilitates the SMME's cash flow requirements, whereas the Jozi Equity Fund facilitates the establishment and continued running of the SMME

Dirang Ba Bohle Community Finance Institution

DBB Community Finance Institution seeks to facilitate social mobility by extending financial services to an underserved market by:

- Improving the socio-economic conditions of women and vulnerable groups;
- Building community capacities for wealth creation among enterprising poor people;
- Promoting sustainable livelihood and strengthening urban responsive banking methodology;
- Eradicating poverty through the provision of microfinance and skill acquisition development for income generation;
- Promoting sustainable growth and job creation.

Dirang Ba Bohle Community Finance Institution



Dirang Ba Bohle Community Finance Institution

Role of the City of Johannesburg:

- The COJ will act as a funder to the NGO through the transfer of grant and donor funding.
- The City of Johannesburg will have no shareholding in the NGO or private company. Through an enforceable contract between the COJ and the NGO, the COJ will specify the obligations of NGO.
- The COJ will develop operational specifications to the NGO, namely:
 - » Targeted beneficiaries;
 - » Credit rating criteria for beneficiaries;
 - » Type of product offering;
 - » Interest rates charged to the beneficiary;
 - » Use of loans, etc.

Dirang Ba Bohle Community Finance Institution

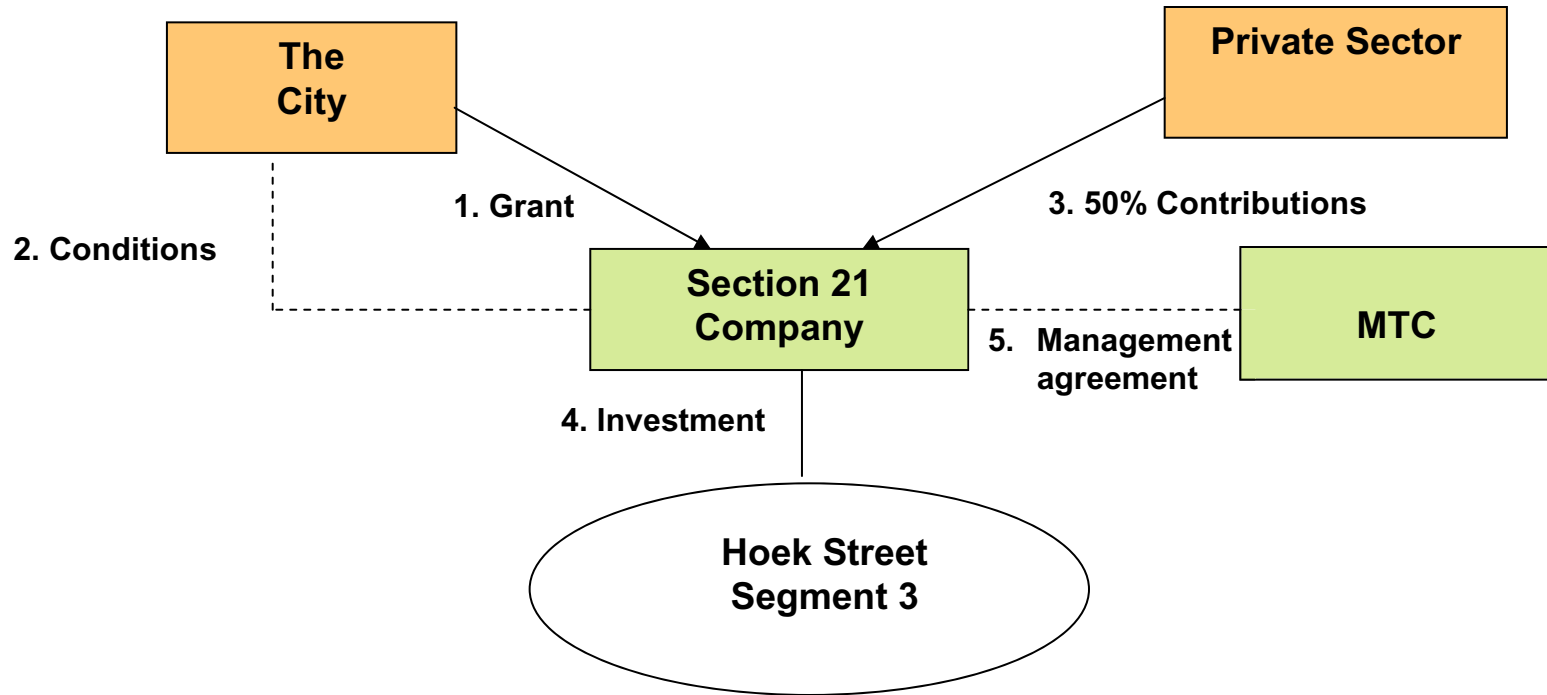
The role of the NGO, or private company:

- The NGO will act as a micro-finance institution (MFI) and on-lend to the City's beneficiaries. It will receive grant funding from the COJ for operations, inter alias
- The NGO will operate under the specifications of the COJ as mentioned above. It will develop its own systems and employ its own staff, it will be a separate entity from the COJ
- The NGO will report to the COJ on its operations, advances, repayment records and economic impact on its beneficiaries.

The role of the Beneficiary

- The beneficiary will use the loan for income generation purposes.

Hoek Street Private Sector Pilot



Hoek Street Private Sector Pilot

Role of the City of Johannesburg:

- The COJ will act as a funder to the s21 company through the transfer of grant and donor funding.
- The City of Johannesburg will have no shareholding in the s21 company. Through an enforceable contract between the COJ and the s21, the COJ will specify the obligations of s21.
- The COJ and MTC will develop operational specifications to the s21, namely:
 - » Designs for the market;
 - » Cost of the market
 - » Beneficiaries and number of beneficiaries;
 - » Rental rates;
 - » Procurement requirements

Hoek Street Private Sector Pilot

The role of the s21:

- The 21 will operate under the joint specifications of the COJ, MTC and the private sector. It will develop its own systems and employ its own staff, it will be a separate entity from the COJ
- The s21 will report to the COJ on its operations impact on its beneficiaries
- The s21 will be jointly managed by MTC, the private sector and the beneficiaries

The role of the Beneficiary

- The beneficiary will jointly manage the market with MTC and the private sector.

Xolani Nxumalo/
Thuli Khumalo
No 66 jorissen street
5th floor jorissen place
Braamfontein

Tel 011 358 3442

Fax 011 358 3444

Cell 08237 22994

Email xolaninx@joburg.org.za

Thulik@joburg.org.za