



EMN

**Covid-19**

*Technical  
Assistance*

# Small Enterprise Foundation's **Larger** **Loan Programme**

The Covid-19 pandemic has impacted MFIs and their clients in many ways. True to its mission as the voice of the sector, EMN launched in June 2020 a tailored assistance programme, with the support of J.P. Morgan. The purpose of this project was to deliver Technical Assistance (TA) to a selection of MFIs to build their capacity to ensure continuous, efficient, and adapted support to entrepreneurs in the Covid era. Project beneficiaries are a selection of six MFIs operating on three continents: Adie (France), Credisol (Brazil), Fundación Oportunitas (Spain), PerMicro (Italy), Pro Mujer (Argentina), and SEF (South Africa).

In this paper series, you will discover some highlights of what the six beneficiaries developed and implemented through the consultancies of this project.





## Organisational and programme overview

The Small Enterprise Foundation (SEF) is a leading non-profit, pro-poor microfinance institution in South Africa that has been operating since 1992. SEF aims to eliminate poverty in rural areas by offering microloans using the Grameen Group Lending Model, facilitating savings and creating support groups to promote business development. SEF currently serves 213 625 clients (June 2021), 99% of whom are women, in 6 different provinces in South Africa.

In seeking to better support rural Micro, Small, and Medium Enterprises (MSME's), SEF has developed the Larger Loan Programme (LLP), which offers individual-liability loans ranging from R30 000 to R150 000.

The LLP has demonstrated a strong operational performance since its launch in May 2018 and has now grown to serve over 456 clients, with a low Portfolio at Risk (PAR 30) of 3%.

## LLP Non-Financial Services

The LLP programme also has non-financial business development services designed to support its clients, helping them grow their businesses and access market opportunities. The services are comprised of Personal Initiative (PI) training and Clients Business Communities, which are co-led between the SEF team and a group of leaders elected by the clients themselves.

**Client Business Communities (CBC's):** ongoing peer networking groups which meet to discuss business-relevant topics.

**Personal Initiative (PI) training:** A 6-session on-boarding training in which clients learn to think like entrepreneurs.

**Leaders are elected from each of the CBC's:** They are responsible for championing the NFS programme and giving input on meeting topics.



## Consulting project and clients visited

The consultation/training project was co-funded by the European Microfinance Network (EMN), working closely with two experienced consultants in the SME lending space. With this consulting project, our aim was to introduce a high-value loan product to support our clients who have outgrown our maximum loan size. The overall objective of the consultation project was to provide information, training, and recommendations in the following areas:

- 1 Product and securitisation options
- 2 Loan assessment techniques
- 3 Loan maintenance and post monitoring techniques

### Outcomes

The LLP team has engaged closely with the consultants in the form of workshops and trainings. We are currently preparing our proposed High-Value Loan programme for Board approval and we look forward to making the first disbursements in the months to follow!



#### Maimela Johanna

Mrs Maimela from Mankweng branch Joined the programme in 2014. Before joining the LLP programme, she was in the SEF general programme. She has managed to build 54 rental rooms next to the University of Limpopo. She also bought another place where she wants to build more rental rooms. She is also among the clients with potential to qualify for high-value loans.



#### Mashiane Johanna

Mrs Mashiane from Mankweng branch Joined the LLP programme in 2014. She was previously in the general programme. She is in service/taxi, spaza, and farming businesses. With the SEF loan she managed to buy tractors and taxies for scholar transport.



#### Mafa Godfrey

Mr Mafa is the only male client in the LLP Programme. He joined the programme in 2015 and managed to grow his spaza business and build 2 big supermarkets. Mafa managed to buy four cars using his profits, and he is currently building a double story house. This is one of the clients with potential to qualify for the LLP high value loans