Sanlam 104^+ SMME Growth and Empowerment Solutions

Newsletter

Highlights

- Total Funding Deployed this Quarter: **A further R3.5 million has been deployed across 104^+ Growth and Empowerment mandates.**
- Key Milestone Achieved: **Total funding available for SMME development reached R241m in funding raised.**

Informal Economy Integration: Untapped Potential

South Africa's informal economy, often perceived through a narrow lens of subsistence, is in reality, a vibrant crucible of entrepreneurial spirit. Comprising a significant portion of the country's workforce - roughly a third - it is a critical source of livelihoods, innovation, and resilience, particularly for the most vulnerable. Yet, its immense potential remains largely untapped due to a lack of formalisation, access to essential resources, and a policy environment that often inadvertently stifles its dynamism.

The Imperative of Thoughtful Formalisation

Formalisation, when approached correctly, can unlock a multitude of benefits for informal businesses. These include enhanced access to finance and the full benefits of the financial services machinery, broader market opportunities, improved working conditions, and social protection. The challenge lies not only in designing strategies that encourage this transition but deliberate operational reforms that enable this adoption.

How 104^+ Is Driving Sustainable Development of SMMEs

To achieve sustainable development of SMMEs, the 104^+ solution focuses on the following impact objectives:

- Sustainable SMME growth
- Access to markets and finance
- Quality job creation by SMMEs
- Stronger value chains
- Financial literacy and business acumen

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SANParks Funds: Supporting SMME Access to Markets and Finance

The Sanlam SANParks Fund was developed to address a critical gap which suffocates SMME development: Limited access to markets and traditional funding.

SMMEs are often plagued by cash flow issues due to limited access to business opportunities and access to capital. Within the informal economy, access to capital often cannot be resolved through traditional funding avenues, as micro-enterprises in underserved communities are deemed high risk by traditional investors. Resultantly, SMMEs often turn to alternative sources of funding, such as unlicensed money lenders, resulting in often risky high interest loans and spiraling debt, which impacts business sustainability in the long run.

The Fund sits within 104^+'s Development Mandate, focusing specifically on SMMEs with annual turnovers below R1 million owned by black women or youth.

They provide business development support, grant funding, and bridging loans to ensure these micro-enterprises receive foundational support. The objective is to enhance the financial and operational capabilities of SMMEs, empowering them to overcome barriers, and contribute to local economic systems. They are directly prioritising businesses in underserved areas with limited access to traditional funding and supporting micro-enterprises which are critical to local economic ecosystems.

To address the gap around limited access to traditional funding plaguing SMMEs around SANParks, the Fund supports SMMEs with 100% interest-free purchase order loans which allow SMMEs to fulfil their contracts without upfront capital constraints. This enables SANParks to confidently award opportunities to local businesses and strengthen economic participation in these areas. By providing financial support to the SMMEs via SANParks, it reduces the risk for SMMEs to obtain access to markets. Through this mechanism, SMMEs are empowered to provide goods and services without risking their business by seeking alternative, and often costly, unsustainable funding solutions.

Moving forward

While the Sanlam SANParks Fund is currently focused on bridging the financing gap and providing access to market, they are in the process of developing a programme for non-financial support. The fund has identified the following as crucial support for the funded SMMEs:

- Cash flow management and financial planning
- Pricing
- Business planning and the fundamentals of having a business model

Since many SMMEs don't have formalised business processes and systems, this further hampers their ability to participate in the formal economy. Through the Fund, the 104⁺ Solution aims to address skills and knowledge gaps through tailored business development support programmes.

36%
Funded Youth Owned SMMEs

33%
Funded Women Owned SMMEs

204
Total jobs retained (80 permanent, 124 temporary)

R2.6 million
Total interest saved by SMMEs

R11 million
Total profits paid into SMME bank

98
The number of successful loan applications across 70 SMMEs

R21.8 million
The amount disbursed to SMMEs since the fund's inception

6
The number of parks onboarded

The following is crucial support for the funded SMMEs: Through the Fund, 104⁺ is directly contributing to the development of sustainable businesses. The SMMEs are gaining valuable knowledge of correct business processes, creating formal and sustainable business models and thriving businesses.

Sanlam SANParks Fund Key Impacts

Since its inception, the Sanlam SANParks Fund has supported the development of 70 SMMEs surrounding 6 parks. This development has been made possible through the 98 interest-free loans to the value of R21 874 265.61, saving the beneficiary SMMEs R2 624 911.87 in total interest. Notably, the Fund has led to the creation of 204 jobs (80 permanent, 124 temporary) and, underscoring its commitment to equitable access and economic participation, 33% of the SMMEs are women-owned and 36% are youth-owned.

Together, Unlocking Opportunity

To all our investors and funders,

Thank you for your continued support and commitment to advancing inclusive economic development in South Africa.

Through your investment, 104⁺ has been able to channel funding to high-potential SMMEs that are driving job creation, youth participation, and women's economic empowerment. The outcomes achieved this quarter are a testament to the collective effort behind this work, with measurable progress in employment, enterprise growth, and access to capital for previously disadvantaged groups.

The success of 104⁺'s mandates is made possible by the strength of its partnerships with funders and investors who share a vision for an equitable and opportunity-rich future.

104⁺ SMME
Growth and Empowerment Solutions
seeded and supported by Sanlam group

www.104smme.co.za
admin@104smme.co.za