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QUARTERLY UPDATE: JULY – SEPTEMBER 2018

STRUCTURED FOR IMPACT

We recently restructured the operational model of what was previously the ASISA Enterprise and Supplier Development (ESD) Fund to enable us to place even greater focus on supplier development, thereby aligning with the requirements of the Amended Financial Sector Code, which came into effect on 1 December 2017.

All supplier development programmes are now overseen by the ASISA ESD Management Company (Manco). All grant and project capital received from funders for supplier development is channelled through the Manco into supplier development projects.

During the quarter under review, the ASISA ESD Manco received an additional R16 million in support of industry aligned enterprises and suppliers and added an additional 21 SMEs to its supplier development programmes.

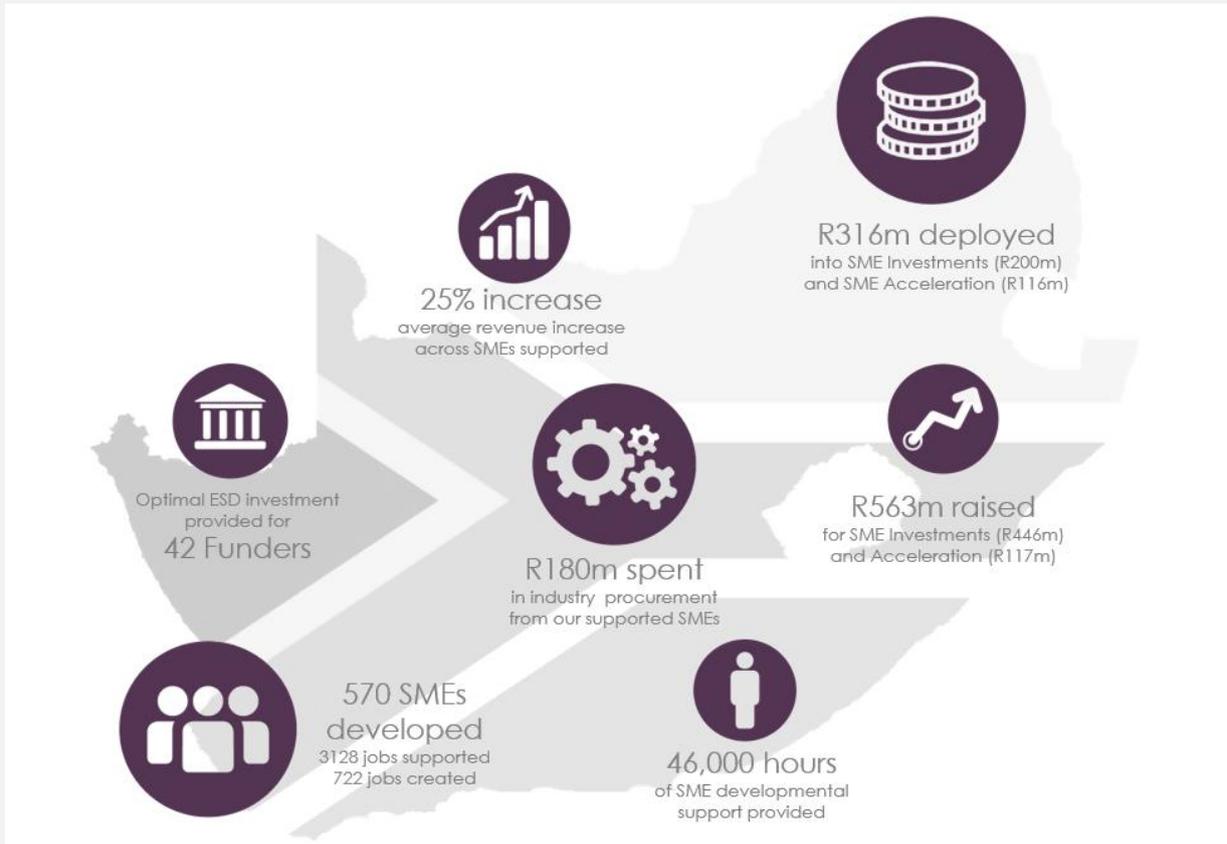
In addition we are close to capping our SME Investment Trust (Trust 1) due to the amount of capital contributed to date. We have therefore launched a second SME Investment Trust (Trust 2). All new loan and equity contributions received from funders will be channelled into Trust 2 where appropriate. During the quarter funders contributed additional project and investment capital of R15 million.

Our Investment Committee evaluates and approves the deployment of loan and equity capital into SMEs. The Investment Committee consists of investment professionals with experience in private equity, SMEs and developmental investing.

The final phase of our restructuring project aims to unlock greater access to market for our SMEs by supporting the supplier development and preferential procurement needs of funders. To achieve this a bespoke SME Database platform was developed, which allows funders to view and procure services from our supported SMEs.

We are grateful for the support of our stakeholders and are excited to see our impact continue to grow through these innovative initiatives.

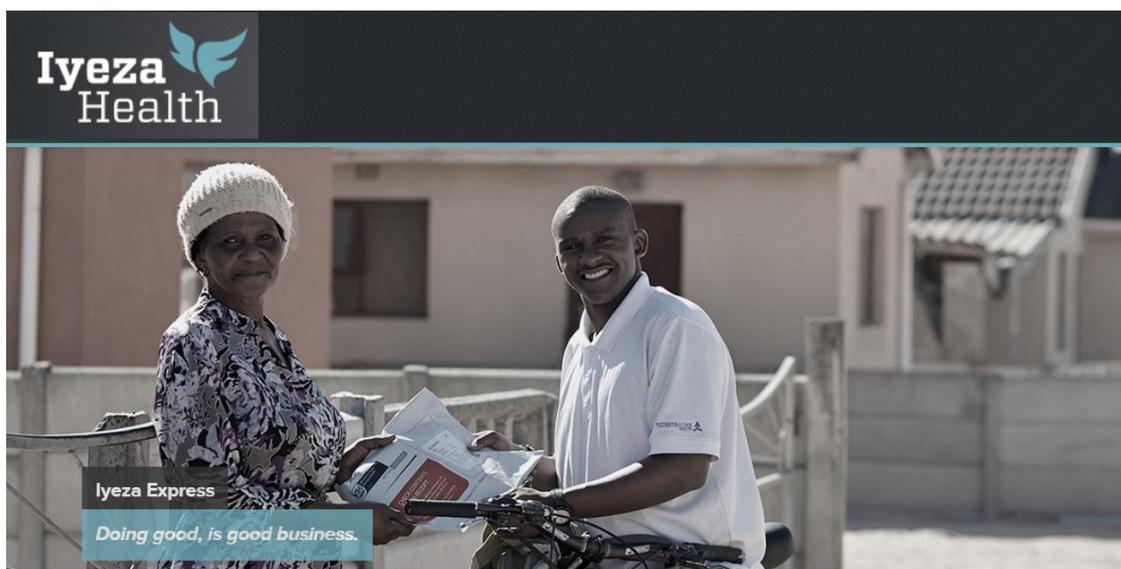
Our impact since inception is detailed in the diagram below:



NEW INVESTMENTS

In the quarter under review the Investment Committee approved the deployment of capital to the following SME, which is showing high growth potential.

IYEZA HEALTH



Iyeza Health is a 100% black-owned and managed umbrella company for a number of health related services. The Cape Town-based company grew out of Iyeza Express, a small bicycle courier company, which was started by Sizwe Nzima in 2013. One day, when fetching medication for his grandparents at a local clinic, Sizwe realised that many poor South Africans must be struggling with collecting their chronic medicine from public health facilities. This inspired him to start Iyeza Express, with his grandmother as the first client. Today, the company employs five people delivering medication to more than 1 000 people in Khayelitsha by bicycle.

Already the recipient of several prestigious accolades, Sizwe has big plans for his business, which include providing healthcare logistics services to medical facilities across both the public and private sectors. The business has also expanded into a retail and wholesale pharmaceutical division, which specialises in the sale and distribution of preventative HIV medication and medical devices.

Recognising the high growth potential of Iyeza Health, the Investment Committee has approved the deployment of capital, which will be used for:

- Employing more people and purchasing additional bicycles and vehicles;
- Developing a logistics management platform;
- Office and warehouse rental costs; and
- Working capital required for increased distribution volumes of pharmaceuticals and HIV self-test kits.

[**Find Out More**](#)

IN THE SPOTLIGHT

WASTE WANT



Waste Want is a 100% black owned waste management company, which has been part of the Investment Trust 1 portfolio since 2014. Selected from Sanlam's supply chain in 2013, the company completed two years of business development support with the Sanlam Enterprise and Supplier Development (ESD) Programme, which is our longest standing partnership.

Recognising the company's potential for growth and job creation, Waste Want was approved for investment in 2014.

At the time, Waste Want was strictly a recycling business. The investment capital was used to help Waste Want improve its recycling volume, which at the time was the core income generator for the business.

With guidance from the mentor assigned to the business, Waste Want has identified waste management at client's premises as a strategic focus area, which can in turn support its recycling business (collecting, transporting, handling, sorting and processing waste). This has improved the business model sustainability and has already resulted in the creation of 50 permanent jobs.

We are very pleased with the results of these strategic interventions. Waste Want has come a long way in improving efficiency in its operations and has consequently seen a healthy improvement in its financial growth. Waste Want has grown from a R3 million a year turnover business in 2014 to achieving an annual turnover of around R6 million today.

Waste Want has also managed to maintain two of its government waste management tenders for the second time in a row and is looking to increase its stable sources of income for its recycling business through incorporating waste collection systems for ASISA members alongside tenders.

SUPPLIER DEVELOPMENT PROGRAMMES

OUTSURANCE



We are excited about launching a new Enterprise and Supplier Development Programme in partnership with OUTsurance. Named Kwande, which loosely translated means “to multiply”, the OUTsurance programme aims to empower and develop small black owned businesses across its value chain. These businesses will include panel beaters, tow truck businesses, builders, plumbers, electricians and other artisans.

As a starting point, the Kwande programme will seek to develop between 10 and 15 businesses over 18 to 24 month development cycles depending on the life stages of the businesses.

Selected businesses will have the opportunity to benefit from non-financial support in the form of mentorship and specialist intervention and financial support in the form of grants and loans.

Shortlisted application will be reviewed in November and December and selected businesses will be announced early in 2019.

We look forward to partnering with the OUTsurance Kwande Programme to fast-track job creation by unlocking the growth potential of South Africa's SME sector.

LET'S ENGAGE

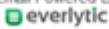
We are excited about continuing and strengthening our relationship with you, our valued stakeholder. If you have any questions about this report or if you would like to discuss new opportunities, please feel free to contact us on:

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