

A Summary of Khula Products

What is Khula?

Khula Enterprise Finance Limited was established in 1996 to focus on the promotion and development of small and medium enterprises (SMEs) in South Africa.

Its role is to maximise access to finance for SMEs in a way that leads to the development of sustainable small and medium businesses, job creation, economic growth and equity.

Khula offers the following products to the entrepreneur:

- * Khula Credit Indemnity Scheme
- * Khula Land Reform Empowerment Facility
- * Khula Mentorship Programme
- * The non-bank: Retail Financial Intermediaries
- * Khula Joint Ventures
 - Business Partners-Khula Start-up Fund
 - Anglo-Khula Mining Fund
 - Regent Factors Ltd
 - Enablis-Khula Loan Fund

Khula Credit Indemnity Scheme:

The purpose of the Indemnity Scheme is to share the financing risk with banks thus enabling SMEs to access funding from a participating bank or other financial institution.

The scheme enables entrepreneurs to access funding for purposes of establishing, expanding or buying out an existing business, business assets and working capital.

Finance has to be approved by the financial institution and the latter will only apply to Khula for a guarantee where there is inadequate collateral.

Khula Land Reform Empowerment Facility:

The Land Reform Empowerment Facility is funded by the Department of Land Affairs (DLA) and supported by the European Union (EU).

The aim is to facilitate land transfer and economic participation by black people in economically viable land based agricultural enterprises (both primary and secondary) and eco-tourism sectors.

Khula Mentorship Programme:

The primary aim of the Mentorship Programme is to act as a risk mitigator and facilitator of access to finance for SMEs. It offers two services, namely; pre-loan and post loan mentorship services. During the pre-loan stage entrepreneurs are assisted by experienced mentors with advice, counseling and the development of viable business plans in order to access funding. In the post-loan stage clients are assisted with various aspects of managing a successful business as identified by the client, mentor, bank and Khula.

Non-bank Retail Financial Intermediaries:

Retail Financial Intermediaries, commonly referred to as RFIs, are independent organisations or companies accredited by Khula to lend money directly to SMEs.

Once accredited, RFIs receive loan funds from Khula to disburse to small and medium enterprises according to their own lending policies.

RFIs have to ensure that loans disbursed are paid back by the SMEs in order to pay back the loan originally received from Khula.

Joint Ventures

The Business Partners-Khula Start-up Fund is a fund created to enable entrepreneurs to establish new enterprises as well as early phase business expansion. Both Khula and Business Partners have co-invested in the venture, and the fund is managed by the latter.

The Anglo-Khula Mining Fund is a joint venture between Anglo American and Khula Enterprise Finance which facilitates entry of junior but commercially viable mining ventures into the mainstream mining sector. The fund provides seed capital to assist junior mining projects at pre-feasibility and pre commissioning stages.

Regent Factors - Reverse factoring is the most recent addition to Khula's suite of products. This product is a joint venture between Khula Enterprise Finance Ltd and Regent Factors Ltd. Reverse factoring is a facility which is aimed at addressing the cash flow gap that is currently experienced by SMEs that have been awarded contracts by public and private sector entities. In a reverse factoring arrangement funds are advanced to SME suppliers based on the credit worthiness of the buyer, who makes direct payment to the factoring house. This arrangement allows entrepreneurs to access working capital, thus reducing the time gap between the delivery of goods or services and recipient payment.

The Enablis-Khula Loan Fund:

is a partnership between Enablis Entrepreneurial Network, Khula Enterprise Finance Limited and FNB Enterprise Solutions. The fund provides 90% guarantees for loans extended to ICT focused and enabled businesses.

Enablis is a non-profit private-public partnership sponsored by Hewlett-Packard, Accenture, Telesystem and the Government of Canada. FNB Enterprise Solutions, a subsidiary of First National Bank Limited, is FNB's specialist Small and Medium Enterprises financing division.

For more information on Khula Enterprise Finance Ltd products call our toll free number:

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Khula Finance

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[Map to the DTI Campus](#)

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