Early Warning System

FMO-51841

SPARTAN SME FINANCE PTY LTD

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Quick Facts

Countries	South Africa
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	C
Voting Date	2017-06-19
Borrower	Spartan Technology Rentals (Spartan)
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 3.45 million
Loan Amount (USD)	$ 3.45 million
Project Cost (USD)	$ 3.45 million

Project Description

Spartan Technology Rentals (Spartan) is a South African financial services provider, established in 1981. The institution is fully specialised in asset backed lending to small and mid-sized businesses (SMEs) with a focus on technology assets including machinery, specialized equipment, software finance and working capital finance.
Fmo is providing a 5-year ZAR equivalent senior loan of USD 3.5 mln to Spartan to support their recent strategic change towards full SME dedication with a focus on specialised SME finance.
FMO's key rationale for the investment is to support and increase access to finance for SMEs in South Africa. Almost all of Spartana€™s targeted SMEs have limited access to credit from traditional banks which lack specialized knowledge and perceive these SMEs as high risk. Instead, these SMEs are forced to use short-term working capital or overdrafts to finance their acquisition of technology and other specialised equipment. This creates a cash flow mismatch and inhibits their growth activities.

Investment Description

- Netherlands Development Finance Company (FMO)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Spartan Technology Rentals (Spartan) (Financial Intermediary) **is owned by** Sasfin (Parent Company)
- Spartan Technology Rentals (Spartan) (Financial Intermediary) **is owned by** Spartan (Parent Company)

Private Actor Relationship

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.

Contact Information

+27 11 507 2500
joburg-office@fmo.nl
Regent Place, 2nd Floor
Cradock Ave, Rosebank 2196
Johannesburg South Africa

ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW) . A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: https://www.fmo.nl/independent-complaints-mechanism.

Bank Documents

- Project Information