



# **KHUMBU ENTITIES**

## **PROJECT: NEW MODEL OF OPERATION**

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## Khumbu Entities

### 1 Introduction

#### 1.1 Purpose of This Document

This document provides a detailed overview of the proposed entities under the Khumbulekhaya ecosystem, outlining their purpose, formation timelines, leadership structures, and the roles of founding members. The aim is to ensure a structured and sustainable implementation of these entities to serve the community effectively.

#### 1.2 Overview of Khumbu Expansion

Khumbulekhaya is evolving into a multi-entity financial and business ecosystem, which will include:

- **Khumbu Community Development Initiative (NPO)** – Advocating for affordable travel, financial inclusion, and skill development.
  - **Khumbu Holdings Pty Ltd (For-Profit Business)** – Managing business operations, transport services, and investment initiatives.
  - **Khumbu Cooperative** – Enabling members to co-own businesses and investment projects.
  - **Khumbulekhaya Stokvel** – The core financial support system, focusing on savings and investment.
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## 2 Explanation of the Structure:

### 2.1 Khumbu Community Development Initiative (KCDI) [NPO]:

- Serves as the **Mother Entity for the Khumbu ecosystem**, ensuring alignment with community objectives.
- Responsible for funding, governance, and community upliftment initiatives.

### 2.2 Khumbu Holdings Pty Ltd (For-Profit Business Arm):

- Generates revenue through transport, business services, and investment ventures.
- Legally separate from the NPO, but profits are reinvested into the NPO's programs to support community development.

### 2.3 Khumbu Cooperative (Community-Owned Business Model - Optional but Beneficial):

- Members own shares and co-invest in businesses.
- Allows members to collectively invest in property, stocks, or businesses.
- Works with Khumbu Invest to grow wealth collectively.
- Works with Khumbu Business to help establish member-owned enterprises.

### 2.4 Khumbu Stokvel:

- The traditional stokvel remains operational and independent.
- Works alongside Khumbu Invest, allowing members to pool savings for bigger investments.

This **hybrid model** ensures **financial sustainability, community empowerment, and long-term scalability**.

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### 3. Proposed Entities and Their Purpose

#### 3.1 Khumbu Community Development Initiative (NPO)

##### Purpose:

- Advocate for affordable commuting and transport solutions.
- **Advocate for innovation, and policy changes** in the transportation sector.
- Provide skill development programs and community financial literacy.
- Secure grants and funding for social initiatives.

##### How it fits

- The Enhance credibility and attract **donors, investors, and academic partners**.
- Ensure that **profits go back to the community** rather than individuals.
- Improve governance and **accountability through a formalised structure**.
- Allow **tax benefits and grant eligibility**, ensuring long-term sustainability.

##### Legal Compliance:

- The NPO should ensure that its financial reports clearly show that no individual benefits personally from company profits.
- Profits must be used only for social impact (i.e., improving services, funding initiatives, reinvestment).

##### Key Focus Areas:

1. **Research & Innovation for Affordable Transport**
  - Conduct **studies on the cost of commuting** and its economic impact.
  - Explore **innovative travel solutions** (ridesharing, community bus services, digital fare models).
  - Work with **academics and industry experts** to propose **cost-cutting strategies** for public transport.
2. **Engagement with the Taxi Industry & Public Transport Operators**
  - Approach **taxi associations, bus companies, and transport regulators**.
  - **Negotiate cost-saving models** for commuters.
  - Promote the use of **digital platforms** for better pricing and planning.
3. **Policy Advocacy & Government Collaboration**
  - Work with the **Department of Transport** on **subsidized travel programs**.
  - Campaign for **affordable fare structures** for low-income workers and students.
  - Advocate for **policy reforms to lower travel costs**
4. **Community-Based Transport Solutions**
  - Establish **community transport programs** for affordable and safe travel.
  - Create a **travel assistance fund** for those who spend **50%+ of income on commuting**.
  - Educate commuters on **cost-saving travel strategies**.

## 5. Skills & Business Database Initiative

- Student & Alumni Database (Internships, Volunteering, Jobs).
- Community Business & Entrepreneur Database.
- Matching Members to Job & Business Opportunities.
- Partnering with Academic Institutions & Companies.

### Leadership Structure:

- **Board of Trustees:** Founding members and community leaders.
- **Executive Director:** Oversees operations and advocacy programs.
- **Advisory Council:** Includes subject-matter experts and funders.
- **Project Managers:** Handle specific programs such as travel advocacy and skill development.

### Operational Team (Reporting to the Board)

- **Operations Manager** – Oversees the implementation of transport, business, and investment programs.
- **Finance & Grants Manager** – Manages donor funds, investment income, and financial reporting.
- **Marketing & Public Relations Manager** – Builds brand awareness and maintains communication with stakeholders.
- **Community Engagement Officer** – Liaises with members, ensures feedback, and strengthens participation.

### Funding and Sustainability

To maintain financial sustainability, the NPO will have multiple revenue streams:

- **Partnerships & Grants** – Funding from government, NGOs, and private investors.
- **Business Revenue** – Profits from Khumbu Business ventures reinvested into programs.
- **Investment Income** – Returns from property, financial markets, and cooperative projects.

## 3.2 Khumbu Holdings Pty Ltd (For-Profit Business)

### Purpose:

- Generate revenue through transport services, business support, and investments.
- Create financial sustainability for the Khumbu ecosystem.

### Leadership Structure:

- **Board of Directors:** Founding members and investors.
- **Chief Executive Officer (CEO):** Leads business operations.
- **Operations Manager:** Oversees daily business activities.
- **Finance & Investment Team:** Manages financial growth and investments.

## Revenue Streams:

- **Transport Services:** Investment in community-driven transport solutions.
- **Business Support Services:** Providing administrative, marketing, and financial consulting to local businesses.
- **Investments:** Investing and managing investments.

## Legal Compliance:

- Registration with CIPC as a private company.
- Compliance with South African corporate tax laws.
- Annual reporting to ensure transparency in revenue distribution and reinvestment.

## Key Business Areas:

1. **Khumbu Travel (Transport Services)**
  - Community-focused ride-sharing and shuttle services.
  - Partnerships with local taxi associations to reduce transport costs.
2. **Khumbu Business Development**
  - Support for entrepreneurs through advisory services.
  - Support for entrepreneurs through Business Assists.
3. **Khumbu Invest (Wealth Creation & Investment)**
  - Investments in property, financial markets, and cooperative projects.
  - Creating sustainable financial opportunities for community members.

## Funding and Sustainability

- **Business Revenue** – Generated from transport, consulting, and investment ventures.
- **Investor Contributions** – Capital raised through founding members and new wealth tier members.
- **Reinvestment Strategies** – Profits reinvested into expansion and operational sustainability.

## 3.3 Khumbu Cooperative

### Purpose:

- Empower members to co-own businesses and investment ventures.
- Facilitate community-driven business growth and shared profits.

### How it fits

- Owned by members and focused on **group entrepreneurship**.
- Supports businesses by **pooling resources, skills, and networks**.
- Can run member-owned ventures like **transport fleets, manufacturing, or agriculture**.
- Allows members to **collectively invest in property, stocks, or businesses**.
- **Member-driven decision-making:** Profits are shared among cooperative members.
- Provides **long-term wealth-building opportunities**.

### Legal Considerations:

- The **NPO can support the cooperative** through training, mentorship, and capital investment.
- The **cooperative remains member-owned** and operates independently but with NPO support.

### Leadership Structure:

- **Cooperative Board:** Elected by members, including founding members.
- **Managing Director:** Oversees cooperative operations.
- **Member Representatives:** Ensure democratic governance and fair profit-sharing.

### Revenue Streams:

- **Member Contributions & Investments** – Funds pooled from members to establish and grow businesses.
- **Profitable Cooperative Businesses** – Income from transport, agriculture, retail, or other ventures.
- **Grants & Partnerships** – Support from government, private sector, and development agencies.

### Key Business Areas:

- **Community-Owned Transport Fleets** – Members own shares in taxis & buses, reducing member travel costs.
- **Business & Property Investments** – The cooperative can own buildings, host markets, or provide rental spaces.
- **Manufacturing & Agriculture** – Supporting local industries and ensuring sustainable livelihoods.

### Funding and Sustainability

- **Member Contributions & Investments** – Funds pooled from members to establish and grow businesses.
- **Profitable Cooperative Businesses** – Income from transport, agriculture, retail, or other ventures.
- **Grants & Partnerships** – Support from government, private sector, and development agencies.

### Membership Structure (To be confirmed during establishment)

Membership Tier	Joining Fee	Monthly Contribution	Voting Rights	Profit Sharing	Additional Benefits
<b>Basic Membership</b>	R250	R100	Yes (General Matters)	Low	Training & Project Participation
<b>Investment Membership</b>	R500	R250	Yes (Investment & Business Expansion)	Medium	Shares in Cooperative-Owned Businesses & Access to Loans
<b>Wealth Membership (Founding Member Equivalent)</b>	R15000 – R20000	R500	Yes (Strategic & Governance)	High	Lifetime Equity Ownership & Exclusive Investment Opportunities

### 3.4 Khumbu Stokvel

#### Purpose:

- Provide financial support through savings and loan schemes.
- Act as the core funding mechanism for community projects.

#### How it fits

- The stokvel remains independent but is aligned with the NPO.
- The stokvel remains a community financial safety net, while other entities scale up financial opportunities.
- Members continue their collective savings and lending structure, but with additional benefits from the NPO and business subsidiaries.
- The stokvel can partner with Khumbu Invest, allowing members to invest in real estate, financial markets, or cooperative projects through pooled funds.
- It can also offer loan products to members at lower interest rates than banks.

#### Leadership Structure:

- **Stokvel Committee:** Founding members and elected leaders.
- **Chairperson:** Provides strategic direction and ensures compliance with governance policies.
- **Treasurer:** Manages funds and distributions.
- **Secretary:** Maintains meeting minutes, documentation, and member communication.
- **Finance Committee:** Allocates investment funds and manages risk.

#### Funding and Sustainability

- **Member Contributions** – Regular savings deposits and investments.
- **Loan Interest** – Revenue from issuing loans at competitive rates.
- **External Partnerships** – Collaborations with cooperatives and financial institutions.

## Membership Structure

### Basic Membership

- **Annual Joining Fee:**
  - Students: **R50**
  - Other Members: **R100**
- **Minimum Monthly Contribution:** R100
- **Benefits:**
  - Access to **savings, loans, and travel discounts.**

### Investment Membership

- **Annual Joining Fee:**
  - Students: **R100**
  - Other Members: **R150**
- **Minimum Monthly Contribution:** R100
- **Additional Service Fees:**
  - Members will be **charged service fees** depending on the investment type.
- **Benefits:**
  - Access to **short-term investment opportunities** with **regular returns.**

### Wealth Membership (Founding Member Equivalent)

- **Joining Fee:** To be determined (should reflect the adjusted value of the original **R6,000 founding member investment**, suggested range **R15,000 - R20,000** based on inflation and asset growth).
- **Minimum Monthly Contribution:** R500 (for higher capital growth participation)
- **Benefits:**
  - Enables members to **join the founding members' tier.**
  - **Lifetime stake in investments and profit-sharing.**
  - Priority access to **large-scale cooperative and investment projects.**
  - **Governance participation rights** within Khumbu NPO, Khumbu Holdings and Cooperative.

## 4 Founding Members and Their Roles

Khumbulekhaya has over **30 founding members**, categorised by their **initial financial contributions**:

### 4.1 Tier 1: Major Investors (R6,000 Contributors)

- Lifetime stake in the organisation with **profit-sharing rights** from investments in **Khumbu Holdings Pty Ltd.**
- Eligible for **advisory board positions** and strategic decision-making roles.
- Priority access to **investment opportunities in the Cooperative and Holdings structures.**



## 4.2 Tier 2: Mid-Level Investors (R3,000 - R5,999 Contributors)

- Partial ownership in **Khumbu Cooperative businesses**.
- Voting rights on **major investment decisions**.
- Eligible for **priority business and training opportunities** under the Stokvel and Cooperative.

## 4.3 Tier 3: General Members (R500 - R2,999 Contributors)

- Access to **savings and investment plans**.
- Participation in **skills development and cooperative business projects**.
- Membership **voting rights within the Cooperative**.

## 4.4 Tier 4: General Members that joined the stokvel before 31 December 2024

- Full access to **savings and investment plans**.
- Participation in **skills development and cooperative business projects**.
- Retain **membership voting rights in the cooperative** under the legacy clause

# 5 Strategic Plan for Establishing Additional Entities in the Khumbu Model

## 5.1 Overview of Existing Structure & Growth Strategy

Currently, **Khumbulekhaya Stokvel** is the **only active entity**. To expand and implement the full **Khumbu Model**, a structured **phased approach** is needed.

### Key Questions to Answer:

- Which entities should be established first?
- How will funding be raised?
- Where do **founding members (initial investors)** fit in the model?

## 5.2 Phase-by-Phase Entity Establishment Strategy

### Phase 1: Establish the NPO (Khumbu Community Development Initiative)

#### Why First?

- The **NPO serves as the "Mother Entity"**, attracting funding & partnerships.
- It allows access to **grants, government funding, and corporate sponsorships**.
- It gives credibility when negotiating with taxi associations & transport regulators.

#### How to Establish It?

- **Register the NPO with CIPC & DSD**.
- Develop a **funding proposal** targeting corporate sponsors, government, and international donors.

## Phase 2: Establish Khumbu Holdings Pty Ltd (For-Profit Business)

### Why Second?

- The **NPO cannot own members' profits**, so a **for-profit arm is needed**.
- **Khumbu Holdings will generate income** through business ventures, reinvesting profits into the community.

### How to Establish It?

- **Initial Capital from Stokvel Contributions:** Increase membership fees or introduce an investment option where members contribute a lump sum to own shares in the company.
- Apply for Business Loans or Government SME Funding.

### Priority Business Under Khumbu Holdings:

1. **Khumbu Travel (Transport Services)**
    - Partnership with **taxi owners & bus operators** to reduce travel costs.
    - Member-based **ride-sharing service**.
    - Digital booking system through Khumbu app.
  2. **Khumbu Invest (Wealth Creation & Investment)**
    - Invest in **small properties, transport assets, or business infrastructure**.
  3. **Khumbu Business**
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## Phase 3: Establish the Khumbu Cooperative

### Why Third?

- The cooperative will **allow members to directly own businesses and investments**.
- Members **pool resources to own taxis, businesses, or property collectively**.

### How to Establish It?

- Offer **existing stokvel members the option to become cooperative shareholders**.
- **Stokvel Savings Pool:** Instead of paying all contributions back at the end of the year, a portion can be **redirected into cooperative investments**.
- Apply for **co-op funding from government programs (SEDA, NYDA, DTI, etc.)**.

### Priority Business Under Khumbu Cooperative:

1. **Member-Owned Transport Fleets**
    - Co-op members **own shares in taxis & buses**, reducing member travel costs.
  2. **Business & Property Investments**
    - The cooperative can **own buildings, host markets, or provide rental spaces for businesses**.
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## 6 How to Raise Funds in the Stokvel to Support Expansion

### 6.1 Increase Membership & Contribution Structure

- The Stokvel currently operates on **monthly contributions and end-of-year payouts**.
- **Expand membership** to increase capital, with new members joining under a **revised structure** where a portion of contributions is allocated to the **NPO and investment projects**.
- Introduce **membership incentives**, such as **higher interest on long-term savings** and **exclusive investment opportunities**.

### 6.2 Create a Stokvel Wealth Tier

- Introduce a **Wealth Tier** where members **commit funds for 3-5 years** instead of withdrawing annually.
- These funds will be **strategically invested** in:
  - **Transport infrastructure (Khumbu Travel Initiative)**.
  - **Business development projects (Khumbu Cooperative & Holdings Investments)**.
  - **Real estate and financial market opportunities**.
- Offer **dividends and profit-sharing benefits** from investment returns, ensuring **long-term wealth-building** for members.

### 6.3 Strategic Partnership and External Funding

- Introduce Collaborate with corporate sponsors, government agencies, and financial institutions to secure funding.
- Seek **grants and enterprise development funding** to scale investment projects.
- Leverage **the cooperative model** to attract investment from development finance institutions.

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### 6.5. Final Strategy Timeline for Establishing All Entities

Phase	Action	Funding Source	Timeframe
<b>Phase 1</b>	Register <b>NPO (KCDI)</b> & Start Travel Advocacy	Founding members Capital, Donations	<b>3 - 6 months</b>
<b>Phase 2</b>	Launch <b>Khumbu Holdings Pty Ltd</b>	Founding members Capital, Wealth Tier	<b>3 - 6 months</b>
<b>Phase 3</b>	Establish <b>Khumbu Cooperative &amp; Member-Owned Business Projects</b>	Co-op Contributions, SME Loans	<b>3 - 6 months</b>

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## 7 Summary of Key Recommendations

- **Start with the NPO (KCDTI)** to build credibility & attract funding.
  - **Raise funds within the stokvel** by increasing membership & creating an investment tier
  - **Recognise founders as lifetime stakeholders**, offering them **profit-sharing & governance roles**.
  - **Launch Khumbu Holdings next**, with a focus on **transport services & investment projects**.
  - **Introduce the cooperative after**, allowing members to **own transport fleets & small businesses collectively**
  - **Apply for external funding** from **government, private sector, and grants** to support expansion.
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## 8 Conclusion

The Khumbu model presents a sustainable, community-driven approach to economic empowerment, financial security, and business development. By strategically phasing the establishment of each entity, Khumbu ensures financial sustainability, investment opportunities, and long-term benefits for members. The structure balances profit-driven initiatives with community-based solutions, creating a holistic and scalable ecosystem.

The foundation laid by the **Khumbu Community Development Initiative** ensures credibility and funding support, while **Khumbu Holdings** drives revenue generation. **Khumbu Cooperative** fosters collective ownership and wealth creation, and the **Stokvel** remains a financial safety net while integrating into larger investment opportunities.

By implementing this structured approach, **Khumbu will empower its members, expand economic opportunities, and create a self-sustaining model that benefits both individuals and the wider community.**

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