



***IDC Credit Line Offering
to Non-Bank
Intermediaries***

23 August 2023



Agenda

- **Background to IDC**
- **Collaboration**
- **The Call**
- **Eligibility Criteria**
- **Competitive Features**
- **Funding Terms**
- **Documentation Required**
- **Application & Evaluation Process**
- **Questions and Answers**



IDC's Primary Mandate: Development of Industrial Capacity

Industrial capacity development to achieve specific outcomes:



Facilitating sustainable direct and indirect **employment**



Promoting **entrepreneurial development** and growing the **SMME** sector



Supporting the **transformational impact** of communities and development of black industrialists, women and youth



Growing **sector diversity** and increased localised production



Improving **regional equity**, including the development of South African rural areas, underdeveloped provinces and economic development in the rest of Africa



Promoting **environmentally sustainable** growth





Collaboration

- ❖ Working with partners to bring about the **transformation, and growth of an inclusive economy.**
- ❖ Partners to extend the reach of the IDC to **where funding is needed with the requisite diligence and speed.**



Non-Bank Intermediaries

- As such IDC has made available R3 billion to extend to experienced Non-Bank Intermediaries (NBIs)
- NBIs who finance SMMEs and having effective and well-structured origination strategies, keen credit appraisal, financial structuring, disbursement and post investment monitoring systems





The Call



"Open Call"

an Open Call to solicit interest.



Wholesale Financing

Loans to be extended to the NBIs for on-lending.



The Request

Experienced NBIs to present proposals that reflect their ability to successfully on-lend to Black-owned SMMEs



Some Key Eligibility Criteria



South African owned, registered and located NBIs that are appropriately licensed to operate.



Emerging NBI (100% Black owned) 3+ years operational track record in funding SMMEs.



Established NBI (min Black ownership of 25%) 8+ years operational track record in funding SMMEs



Profitable and solvent for last 2 consecutive years



The minimum funding request is R50 million and an indicative maximum of R250 million.



NBIs must have adequate systems, processes and track record in managing credit lines with repayment terms



Demonstrate the ability and track record to source relevant deals and successfully convert them.



Submit list of available pipeline prospects ready to take up at least 50% of the funding request



Capacity to deploy the funds within 1 year of IDC approval



At least 50% of IDC funding must be towards IDC's targeted sectors.



Submit **AUDITED** annual financial statements for the last 3 financial years





Competitive Features



Co-funding

Applications that have some level of co-funding.



Transformation

NBIs that have Black and/or Woman and/or Youth ownership and management.



Historical Performance Indicators

Impairment and write-off assumptions based on historical performance



Impact

The value and number of investments towards Women and Youth owned entities, exposure to rural/rural-linked or township/township-linked economies, priority provinces and potential number of jobs to be created.



Non-Financial Support

The extent of business support the NBI will offer to end beneficiaries.



IDC funding terms



Pricing

No capped pricing - the NBI is allowed to price its facilities to final beneficiaries within the acceptable regulatory allowed rates. The NBI must be able to prove historical acceptance of its pricing by the target market.



Ring-fenced Funding

IDC funding to be ring-fenced in a separate bank account and from any liability arising from the NBI's existing business activities.



Environmental, Social and Governance

NBIs must be socially and environmentally responsible, with established Environmental, Social and Governance (ESG) policies



IDC Participation in NBIs Governance

IDC will have the right (not obligation) to participate in the governance and investment decision making structures of the NBI as it relates to the IDC funding provided.



Maximum Tenure to NBIs

The tenure of the facility to be extended by IDC to the NBI is a maximum of 6-years inclusive of a one year close out period.



Reporting and Auditing Requirements

Meet IDC reporting and audit requirements which will be found in the terms of reference





Document List

| |
|--|
| COMPLETED APPLICATION FORM |
| COMMITMENT AND DISBURSEMENT PROFILE |
| PIPELINE OF QUALIFYING TRANSACTIONS |
| PROFILE OF TEAM MEMBERS |
| POPIA CONSENT FORM |
| CREDIT CHECK CONSENT AND INDEMNITY |
| FIC COMPLIANCE CHECKLIST |
| NCR COMPLIANCE CHECKLIST |
| ORGANOGRAM OF CLIENT - evidencing all the shareholders up to the UBOs |
| ID NUMBERS OF SHAREHOLDERS (if the shareholders are legal entities provide the IDs of the individuals behind the legal entity) |
| TRUST DOCUMENTATION (if there is a trust in the shareholding structure of the client): <ul style="list-style-type: none"> i. provide copies of trust deed(s) ii. letters of authority (letter from master of the high court) |
| BOARD RESOLUTION/ LETTER OF AUTHORITY - indicating the person/s who will be acting on behalf of the client. |
| CURRENT SARS LETTER OF GOOD STANDING |
| LATEST B-BBEE CERTIFICATE |
| CURRENT VALID REGULATORY LICENSE CERTIFICATE(S) |
| AUDITED FINANCIALS FOR THE PAST 3 YEARS |
| MANAGEMENT ACCOUNTS FOR THE YEAR- TO-DATE |





Document List (cntd ...)

SIGNED PROOF THAT CURRENT LENDERS/FUNDERS HAVE GIVEN THEIR CONSENT FOR THE COMPANY TO APPLY FOR THE IDC CREDIT LINE

COPY OF SIGNED LEGAL AGREEMENTS WITH EACH FUNDER/LENDER

SIGNED PROOF CONFIRMING EACH FUNDER/LENDERS' WILLINGNESS TO NEGOTIATE WITH THE IDC ON SECURITY

COMPANY CONSENTS TO BOTH THE IDC AND THE COMPANY'S OTHER FUNDERS/LENDERS TO SHARE INFORMATION WITH EACH OTHER THAT MAY BE NECESSARY FOR YOUR APPLICATION - on the company's letterhead and duly signed by the company's authorized signatory

CVS OF LEAD OR KEY EXECUTIVES AND OTHER KEY TEAM MEMBERS

EDITABLE EXCEL SPREADSHEET (NOT PDF) OF FINANCIAL PROJECTION/FORECAST FOR AT LEAST 5 YEARS (FIRST YEAR MONTHLY, AND YEARLY THEREAFTER)

FLOW DIAGRAM OF APPROVAL AND POST APPROVAL PROCESS

PRICING POLICY DESCRIBING PRICING MODEL

COLLECTION POLICY, RISK POLICY, CREDIT POLICY AND PORTFOLIO MANAGEMENT POLICY



Application and Evaluation Process



Application Process

Applicants must carefully review the **Terms of Reference** found at website: <https://idc.co.za/call-for-nbi/>

- ❑ Application form and Annexures can be accessed at <https://www.idc.co.za/call-for-nbi/>
- ❑ Applications to be submitted via email to the following address nbiapplication@idc.co.za
- ❑ Only applications submitted via the aforementioned email address will be accepted.
- ❑ No late or incomplete applications will be accepted.
- ❑ **The closing date is 29 September 2023 at 17H00**



Evaluation

Phase 1: Shortlisting – Administrative Compliance, Basic Assessment, Limited FICA

Only COMPLETE applications will be assessed. (compliant pool)

Phase 2: Due Diligence

IDC will undertake due diligence assessments on the shortlisted proposals. Additional information may be requested during this phase.

Phase 3 Approval/Selection

IDC Credit Committee will make the final decision of awarding an applicant funding. The decision of the IDC Credit Committee will be final.



Q & A

Enquiries:

nbiapplication@idc.co.za



Industrial Development Corporation