

COVID-19

COVID-19 SMALL INDUSTRIAL FINANCE DISTRESS FUND

ABOUT THE FUND

The IDC has established a R300-million Covid-19 Small Industrial Finance Distress Fund to assist qualifying IDC clients, as well as new clients, that have been negatively affected by the Covid-19 pandemic. The fund offers concessionary finance to cover their short-term operating costs.

BACKGROUND TO THE FUND

The Covid-19 pandemic is likely to have a negative economic impact on small industrial businesses, including metals and plastics manufacturers, food processing companies, clothing and textile makers, as well as small tourism operations.

Many companies in the industrial sector have seen cash flows significantly eroded due to the lockdown restrictions, hence the need for such a fund to assist businesses in distress at this time.

QUALIFYING CRITERIA

Any viable small industrial business with strong business fundamentals that finds itself momentarily in distress as result of the Covid-19 pandemic may qualify for funding, provided it meets the following criteria:

- It is an existing small business with a trading history of more than 12 months
- Its annual turnover/revenue does not exceed R50-million
- It is a registered business operating within the borders of South Africa
- It has a business plan showing a clear turnaround strategy within the next 12 to 24 months

QUALIFYING SECTORS

The fund is open to manufacturers, assemblers and other value-added services in the following sectors:

- Agro-processing and agriculture
- Chemicals, plastics and medical products
- Industrial mineral products
- Clothing and textiles
- Wood and furniture products
- Automotive and transportation
- Machinery and equipment
- Electronics
- Energy and infrastructure
- Tourism
- Basic metal producers

FINANCING FACILITIES

The following financing facilities are available:

- Revolving credit facilities
- Working capital facilities (limited to 36 months)
- Guarantees
- Asset-based finance facilities

FINANCING TERMS

- Prime less 3% for qualifying enterprises
- Minimum loan size of R1-million with a maximum of R15-million per client
- Repayment terms up to a maximum of 60 months

EXCLUSIONS

- Financing for normal expansions
- Refinancing of existing facilities
- Share buy-backs
- Payment of non-operational expenditure

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