



BLACK INDUSTRIALISTS SUPPORT PROGRAMME

– Underwriting Framework.



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BACKGROUND

ECIC participates in the vision entrenched in the National Development Plan (NDP) which considers a South Africa where everyone embraces their full potential. This consists of finding ways to enable those that were excluded from formal economic sector to grow their income in this sector. The aim of this underwriting framework is to support Black Industrialists (BI) towards their integration in full-scale industrialization process and inclusive growth.



WHO IS A **BLACK INDUSTRIALIST?**

A black industrialist is considered as a juristic person that includes co-operatives, incorporated in terms of the Companies Act (2008), owned by Black South Africans as defined by the B-BBEE Act, who create and own value-adding industrial capacity and provides long-term strategic and operational leadership to a business. A black industrialist can also be a natural person.



UNDERWRITING FRAMEWORK

The underwriting process to facilitate and support the BI initiative include the following:

- No assessment fees will be charged on BI applications.
- Insurance risk cover support on unsecured basis (at least in the case of Bonds, Working Capital and Advance Payment Guarantee).
- Providing advisory assistance to the BI applicant(s) in collaboration with other DFIs/SOEs and within our capacity and mandate.
- Start-up BI companies/projects will be supported essentially on the basis of the strength of business plan and executive management's skills and experience in the concerned sector.
- Going-concern BI entities will have to demonstrate their financial viability and technical capability to deliver on the transaction even if they do not have previous international markets exposure.
- A BI export project to a maximum value of US\$20 million will be covered on the basis of 100% political and commercial risks.
- Processed and consumable products may be covered provided they are in the designated IPAP sectors. However, the eligible non-capital goods exports will be subject to the consent of the Minister of Trade and Industry.

TARGET BENEFICIARIES AND SECTORS

BI entities or entrepreneurs should be operating in the following sectors:

- Blue/Ocean Economy, including Vessel Building and Repair
- Oil and Gas
- Clean Technology and Energy
- Mineral Beneficiation
- Aerospace, Rail and Automotive Components
- Construction and Industrial Infrastructure
- Information Communication Technologies
- Agro-Processing
- Clothing, Textiles/Leather and Footwear
- Pulp, Paper and Furniture
- Designated Sectors – as defined in the Industrial Policy Action Plan (IPAP) or the Preferential Procurement Policy Framework (PPPPFA) to enhance local production for job creation purposes.



EVENTS OF DEFAULT

Political Risk Events

- Confiscation, Expropriation and Nationalisation
- Change in Law
- Transfer Restrictions and Inconvertibility
- War and Civil Disturbances
- Breach of Contract
- Protracted Default
- Terrorism and piracy may be covered on a case by case basis.

Commercial Risk Events

- Insolvency or
- Protracted Default

SA CONTENT REQUIREMENT

The applicant shall comply with the SA content requirement.

POLICY OF INSURANCE

The terms and conditions in the Policy of Insurance depend on the ECIC insurance product requested



HOW TO APPLY

- Applicants must approach the BI Financing Forum (at **the dti**) or the ECIC directly to initiate the project/transaction assessment.
- All applications submitted to the ECIC, as the point of entry, will be registered and forwarded to **the dti** Financing Forum, which is mandated to check compliance and approve the BI beneficiaries.

APPROVAL PROCESS

The insurance application and due diligence report will go through internal risk evaluation process and the decision would be communicated to the applicant.

- The prescribed duration of the assessment of the application is 3 months, starting from the first day of receipt of the application.
- Insurance cover is offered to successful client(s). Post-cover monitoring and/or mentorship support will be provided (where applicable).



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