

# COVID-19

## SPECIAL EDITION NEWSLETTER

9 April 2020



### CEO'S NOTE

**Recent unprecedented global developments have had an immense impact on South Africa. Due to the Covid-19 pandemic, we have suddenly found ourselves in uncharted waters.**

Although it's too early to quantify the impact of the pandemic, many analysts believe that the global economy is headed for a downward spiral – barely 12 years after the 2008 financial crisis that triggered a worldwide recession.

Although there are parallels, this pandemic is a different ball game altogether. It is a game changer that will alter our economic and social realities for the foreseeable future. It won't only affect the bottom line of large corporates but small enterprises and start-ups, too. Most importantly, it places our health at risk.

Against this backdrop, you – our clients, businesses and stakeholders, including our communities – have good reason to be despondent. But there is some light on the horizon. Without downplaying the impact of the pandemic on our economy, we could well argue that it has galvanised cross-sections of our society into action. This newfound camaraderie is sorely needed in the fight against this invisible enemy.

Our response to this crisis has given birth to new ideas on how we can keep healthy by working from home without disrupting the production momentum of essential services. Despite the lockdown, the IDC remains open for business. Other than the skeleton staff still at work, most of our employees have heeded the government's directive to work remotely.

We are aware of the strain that some of you are experiencing during this period. As a consequence, we at the IDC – your partner and development funder of choice – have devised a range of Covid-19 funding interventions aimed at alleviating the impact of this pandemic on our economy. We have drawn up stringent criteria, because not every applicant is eligible to access these emergency Covid-19 funds.

In the face of this grave challenge our country is facing, I assure you that we will continue to implement targeted strategies and funding initiatives aimed at deepening industrialisation and accelerating social and economic transformation.

We remain committed to developing the industries of the future, particularly those with the potential to bolster innovation, increase productivity and boost economic growth. We further recommit to strengthening our support for the government's transformation and empowerment objectives in the face of this pandemic.

I wish you, our esteemed client, a healthy and incident-free lockdown.

Regards,  
TP Nchocho  
Chief Executive Officer

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## ESSENTIAL SUPPLIES INTERVENTION

### HOW TO APPLY FOR FUNDING

1.

The IDC Covid-19 Essential Supplies Intervention is designed to provide funding to companies that have capacity to acquire and/or manufacture products needed to treat, curtail and combat the spread of the Covid-19 pandemic.

3.

#### YOU MAY QUALIFY FOR FUNDING IF:

- You have a track record of manufacturing similar products
- In the case of imports, you are able to import at the required scale (and there is insufficient local manufacturing capacity)
- You are an accredited supplier (in either the public or private sector)
- You have a contract or purchase order with either the South African government or a similar large customer for essential supplies
- You can demonstrate historical profitability
- Your mark-up is reasonable to prevent profiteering and price-gouging, and
- Your geographic focus area is South Africa and the Southern African Customs Union

*Note: Other considerations may be taken into account*

2.

#### ESSENTIAL MEDICAL SUPPLIES INCLUDE:

- Bulk supplies of disinfectants and sanitisers
- Accredited masks
- Accredited test kits
- Medical gloves
- Packaging (bottles, bottle caps, pumps, sachets)
- Sanitiser units (hand or industrial)
- Toilet paper, wipes, tissue paper, sanitary pads
- Cleaning materials
- Chemicals
- Approved drugs
- Ventilators and filters
- Nebulisers and nebulising agents
- Hospital beds
- Oxygen tanks and products
- Aprons
- Safety visors
- Raw materials to manufacture essential products
- Urgent regulatory and compliance testing of products or treatments

*Note: Please refer to the Treasury's comprehensive list of products*

4.

#### THE FOLLOWING FINANCIAL INSTRUMENTS ARE AVAILABLE:

- Short-term loan for once-off contract or import funding
- Revolving credit facility
- Guarantees to banks for banking facilities, imports and ordering requirements

5.

#### TERMS OF FACILITIES:

- IDC loan and trade finance facilities: P+1% p.a.
- MCEP loan facilities: 2.5% p.a.
- Guarantees: 2% p.a.

**TOGETHER, LET'S FIGHT COVID-19 TO SAVE LIVES – AND JOBS.**

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## IDC DISTRESSED FUNDING

### RELIEF FUNDING FOR DISTRESSED BUSINESSES

The IDC is offering assistance for companies that are in distress resulting from the Covid-19 pandemic.

#### WHO MAY APPLY?

IDC clients and other businesses operating in sectors within the IDC's mandate that, as a direct or indirect result of the Covid-19 pandemic, are:

- Reasonably unlikely to be able to pay all their debt as it becomes due and payable
- Unable to fund their operating activities

#### SECTORS COVERED

- Agro-processing and agriculture
- Chemical products and pharmaceuticals
- Basic and speciality chemicals
- Clothing and textiles
- Heavy manufacturing
- Light manufacturing
- Media and audiovisuals
- New industries
- Tourism
- Automotive transport and equipment
- Industrial infrastructure
- Basic metals and mining

#### QUALIFYING CRITERIA

- Existing IDC clients and new clients in distress as a result of Covid-19. These should operate in sectors within the IDC's mandate
- Companies in distress because of the Covid-19 pandemic, not because of mismanagement
- Companies should demonstrate strong business fundamentals and be considered viable
- Relief is only for clients impacted by Covid-19 with a sustainable business plan
- Intervention plans must show the business case recovering within 18 to 24 months
- There must be evidence that concessionary finance will enable the business to trade out of any short- to medium-term financial crisis
- Limited to South African companies and clients
- Risk must be shared with other funders, not just the IDC
- Distressed funding cannot be used to fund bonuses or dividends
- The company's financial needs must be in excess of assistance from the Unemployment Insurance Fund, the Compensation Fund, the IDC's funding and any other support schemes, and the IDC's funding should only be used to fund any shortfall

#### EXCLUSIONS

- Normal expansions
- Refinancing of existing facilities
- Share buy-backs
- Payment of non-operational expenditure, e.g bonuses

#### TERMS OF FACILITY

- Debt and guarantees only (equity on a case-by-case basis)
- Scheme-related concessionary pricing

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### IDC DONATES TO GIFT OF GIVERS AND SOLIDARITY FUND



Gift of the Givers in action during the Covid-19 pandemic (Instagram)

In a show of good corporate citizenship, the IDC has joined scores of companies in supporting initiatives aimed at combating the spread and impact of the Covid-19 pandemic. The corporation approved a R5m donation to humanitarian group Gift of the Givers and a R3.5m donation to the Solidarity Fund, to assist vulnerable South Africans during this time.

Gift of the Givers recently announced that it would be setting up Covid-19 testing stations across South Africa, at least four of which have since started operating.

Given that the majority of South Africans can't afford to

pay for the tests offered by the private healthcare sector, the group said it would offer tests at a discounted cost of R750 – almost 50% less than the private rate.

The R750 will cover consultation, specimen collection, courier charges, lab testing in a South African National Accreditation System-accredited laboratory that is approved by the National Institute for Communicable Diseases (NICD), and the administration costs related to giving feedback to the NICD.

#### IDC funding will assist in enhancing the following capabilities of Gift of the Givers:

- Setting up tent facilities outside Chris Hani Baragwanath and Rahima Moosa hospitals in Johannesburg, with beds, protective wear and all the equipment necessary for testing and quarantine when necessary;
- Providing affordable testing;
- Providing N95 protective surgical masks, three-tier lower-cost masks for selected patients, hand sanitisers, disinfectant, sterile gloves, disposable sterile gowns, goggles, visors, ventilators and related equipment (in selected cases); and
- Drilling boreholes at schools and hospitals, and delivering clean water for drinking and hygiene seven days a week.

### TOP 5 TIPS TO STAY SAFE DURING THE COVID-19 PANDEMIC

1. Clean your hands regularly with an alcohol-based sanitiser, or wash them with soap and water. Health experts recommend that the sanitiser should contain at least 60% alcohol and that people should wash their hands for at least 20 seconds.
2. Clean frequently used surfaces — such as kitchen surfaces and work desks — regularly with disinfectant.
3. Avoid crowded areas when going out, especially for people over 60 years old and those with any underlying health problems.
4. Try to avoid close contact with people who display flu-like symptoms, including coughing and sneezing.
5. Get accurate information about Covid-19 from reliable sources such as the World Health Organisation's website (<https://www.who.int/>) and the official South African Covid-19 portal (<https://sacoronavirus.co.za/>).