

# COMPRESSED FUNDING GUIDELINES

## Version 7

**Please Note:**

**The OEMs refers the Beneficiary (applicant) to the AITF.  
Applicants do not apply directly to the AITF, but will need to  
contact one of the 7 OEMs directly to facilitate their applications.**

## **WHAT IS THE PRIMARY OBJECTIVE OF THE AUTOMOTIVE INDUSTRY TRANSFORMATION FUND?**

- **Facilitating the Financing** of broad based black economic ownership transactions, capital investments, access to working capital, product development and commercialisation of strategic automotive components and technologies.
- **Facilitating Access to Market** of beneficiaries through two avenues:
  - Direct procurement from funded entities by one or more of the Automotive OEMs;
  - Facilitation of procurement by Tier 1 or Tier 2 or Tier 3 suppliers within the Automotive OEMs supplier base. This facilitation would occur through the conclusion of tripartite agreements between the Automotive OEM, direct procurement of the Tier 1 or Tier 2 or Tier 3 supplier and the funded and;
  - Sales related to and approved by one or more of the Automotive OEMs in sidestream or downstream parts of the automotive value chain.
- **Facilitating Access to Non-Financial Capability Development** (i.e. training and development, mentorship and similar) required to improve sustainability and competence of entities funded by the AITF or qualifying beneficiaries with the potential for future funding by the AITF.

## KEY PRE-QUALIFICATIONS FACTORS

- Minimum requirement of R 1 million for Funding.
- Preference will be given to Funding Transactions that average R 50 million.
- No Re-Financing of Assets or Loans.
- Credit, ownership, sanctions, corruption, and political checks, etc conducted.

## WHO ARE QUALIFYING BENEFICIARIES?

- Black ownership of **at least 51%**.
- Businesses with black ownership of 51% can be **Emerging Micro Enterprises (EMEs)**, or **Qualifying Small Enterprises (QSEs)**, and **Generic Enterprises**.
- Primary business operations of applicant to be within **South Africa's Automotive Value Chain**.
- The **following elements** of the **Automotive Value Chain** will be **deemed qualifying Subsectors**:
  - Automotive Sub-Component Manufacturing (i.e. Tier 2 and 3 Suppliers).
  - Automotive Component Manufacturing (i.e. Tier 1 Suppliers).
  - Automotive Logistics and Distribution Services (Inbound and Outbound Logistics).
  - Automotive Wholesale and Retailing Services (Parts Sales, Vehicle Maintenance and Vehicle Sales, including Traditional Retail Dealership and Similar Models).
  - Automotive Aftermarket Distribution and Sale of Parts, Out of Warrantee Vehicle Servicing, Auto Body Repairs, and Other Fitments.
  - Automotive Side Streams, such as Mobility Services and Other Fourth Industrial Revolution Innovations and Technologies.

## WHAT ARE THE QUALIFYING TRANSACTIONS AND FINANCING INSTRUMENTS?

<b>Qualifying Transactions</b>	<b>Financing Instrument</b>
B-BBEE Ownership Transaction Funding	Loans and/or Equity into the funded entity
Capital Investment Funding	Loans and/or Equity into the funded entity
Working Capital Funding	Loans into the funded entity
Research and Development Funding	Loans and/or Equity into entity
Non-Financial Support (e.g. Incubation, T&D, Mentorship, etc.)	Grants in the form of Incubation, Training & Development, Mentorship, and other non-financial instrument into funded entity, and/or pipeline of entities qualifying for future funding.

## **WHAT IS THE BASIC FUNDING APPLICATION PROCESS?**

**The OEM refers the Beneficiary (applicant) to the AITF, and then the Beneficiary will be subjected to the following process:**

### **STEP 1**

#### **APPLICATION SCREENING**

Pre-Qualification Applications are submitted (a well-researched Business Plan), and a Basic Assessment of Application is conducted. While processing the application at this stage, you maybe required to provide additional information.

### **STEP 2**

#### **BASIC ASSESSMENT OUTCOME**

The AITF will provide feedback regarding the outcome of the Basic Assessment, and if conditions are fulfilled at this stage, the application will proceed to the next step of the Funding Process.

### **STEP 3**

#### **INVESTMENT APPROVAL STATUS**

The AITF will proceed to conduct a due diligence on your business and present an Investment Memo containing its findings to its Investment Committee. The outcome of this decision will be communicated.

### **STEP 4**

#### **FUNDING DISBURSEMENT**

If the application is approved, you will be asked to sign a Loan Contract. Provided all conditions Precedents in the Loan Contract are fulfilled, Approved Funds can then be disbursed.