

Guidelines – Loan application

1. Context

The objective of Wehubit is to support and improve digitalisation in view of speeding up sustainable development, strengthening prosperity, reducing inequality and empowering people and businesses in the partner countries of the Belgian Development Cooperation. The programme selects the projects based on the guiding principles described on its website www.wehubit.be. The private sector component of Wehubit is funded by BIO, the Belgian Investment Company for Developing Countries.

BIO is a Development Finance Institution established in 2001 by the Belgian Development Cooperation to support private sector growth in developing countries. BIO operates as an additional partner to local financial institutions and looks for projects with a balance between return on investment and development impact. BIO seeks to support existing businesses with high potential. BIO targets mature companies that can demonstrate that their business model works. BIO targets companies that are part of a sustainable development dynamic: transparency, respect for local regulations, and integration of high social and environmental standards. Find more information about BIO on www.bio-invest.be.

To be included in the evaluation process, all information relative to the application must be provided through the www.wehubit.be website. All applications are handled with the utmost confidentiality.

2. Rules applicable

BIO receives public funds to carry out its mission. Its investment decisions must therefore result from an in-depth and transparent analysis and evaluation process. As continuity is an essential condition for the success of any company, great importance is paid to principles of good governance, ethics, environmental protection, social issues as well as health and safety in the workplace.

2.1. Eligibility

- 2.1.1 BIO is prohibited from investing, directly or indirectly, in enterprises, and/or through offshore investment vehicles established in specific jurisdictions. If the investee is not itself located in a prohibited jurisdiction but a direct or indirect shareholder is, depending on the percentage of shareholding and perceived risk associated with this situation, enhanced due diligence and other measures apply. This may lead BIO to decide not to pursue the proposed financing. Find important further details on this [link](#).
- 2.1.2 The company should operate in one of BIO's eligible countries¹.
- 2.1.3 All sectors are eligible except those excluded by IFC² and EDFI³. Preference is given to companies with activities in; Agriculture and agribusiness; Inclusive finance; Renewable energy; and Basic products and services to the population. Find further details on BIO's website: <http://www.bio-invest.be/about-us/promoting-business-standards>
- 2.1.4 **BIO provides long-term debt funding** and seeks to support mature and sustainable companies that want to scale-up their activities to the next level. The size of the investment and maturity period of the loan requested by the applicant depend on the objective of the financing. Only applicants for loans that have **a maturity of at least 3 years** can apply. The minimum size of the project proposed by the applicant must be the equivalent of **EUR 2mn**. BIO will finance up to 50% of this budget to fund capital expenditures. **The remaining 50% necessary to implement the project will be provided by the applicant.** The minimum amount provided by BIO is therefore the equivalent of EUR 1mn in hard or in local currency. The pricing of **the loan provided by BIO is at market conditions.**

¹ <http://www.bio-invest.be/en/what-we-do/countries.html>

² https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist

³ <https://www.edfi.eu/wp-content/uploads/2017/10/EDFI-Exclusion-List.pdf>

To be eligible the applicant must be **profitable** and have an **EBITDA of a least EUR 300,000 equivalent for 2017**. After the injection of the potential financing, the debt to equity ratio of the applicant must remain below 100%, as far as possible.

2.2. Documents to be provided for loan applications

For a successful application, the following documents must be uploaded on the www.wehubit.be website:

- Certificate of incumbency
- Anti-Money Laundering Questionnaire (Financial Institutions only)
- Audited financial statements of 3 last years
- Financial statements year-to-date
- Financial projections
- Business plan

The business plan should at least cover:

- Business concept and description of the opportunity to scale-up operations
- Marketing strategy presenting at least the products/services, main existing clients, pricing strategy, competition and positioning, suppliers, dependence to key stakeholders
- Management Team detailing the background and identity of the key Managers
- Composition and characteristics of the main decision-making bodies (e.g. identity and background of all Board members, composition of sub-committees)
- Organigram of the different departments
- Organisation of activities and key processes
- Full financial analysis (i.e. balance sheets with numbers for the last 3 years and numbers year-to date, P&L with number over the last 3 years and numbers year-to-date, detailed uses and resources, cash-flows, projections (at least equivalent of maturity of the loan), characteristics of existing pledges /securities if any, characteristics of existing funding lines. The financial analysis must also be provided **in excel format on the www.wehubit.be website.**
- Full risk analysis;

3. Decision-making process

The applicant will be informed by www.wehubit.be website of the eligibility of their project. The companies and institutions that are eligible and selected will be contacted directly to provide complementary information. This analysis will last several months depending on the complexity of the project. If a project meets BIO's financing criteria, BIO will conduct a due diligence on site. The applicant will bear the costs of this visit. The applicant will also bear the costs of the legal dimension of the financing. BIO does not commit to provide any financing before a final approval is provided by its Board.