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Oromia Capital Goods Finance Business S.C.

Management Business Plan

Approving Guidelines

No. 001/2020.G.C

20th Day of September 2020

Fifinne

OROMIA CAPITAL GOODS FINNCE BUSINESS SHARE COMPANY
MANAGEMENT BUSINESS PLAN APPROVING GUIDELINES No.
001/2020.G.C

WHEREAS, Oromia Capital Goods Financing Business S.C hereafter refer to as OCGFB S.C. has no Business plan approving Guideline, there is a need to set up, promote and develop strong and viable capital goods finance Business plan approving Guideline, to fasten and make transparent the approving process.

WHEREAS, to achieve better transparency, efficiency, fairness and impartiality in capital goods Business plan approving and to enable the utilization of the limited budget spent on Capital Business plan approving in a manner that ensures greater economy and efficiency by addressing problems encountered in the course of implementation of the Capital Goods Business plan approving procedures in Oromia Capital Goods Financing Business S.C during the years in which it was not enforce;

WHEREAS, to ensure that Capital Goods in which a significant amount of the company budget is invested, utilized in such a manner as to enable the company device maximum benefit there from and modernize the administration thereof, it is necessary to introduce an integrated capital goods pre and post approving administration;

THEREFORE, to ensure properly implement, control and follow up pre approving process of business plan and to enable the company modernize the administration thereof post approving process, it is necessary to introduce an integrated capital goods business plan approving administration complying with the company's Article of Association Article 32 (1), the company's Memorandum of Association Article 15(1), relevant civil code and Commercial code of Ethiopia Article

348(4) it is here **approved** that this is referred to as ‘**Management Business plan Approving guideline No. 001/2020**’ to accomplish the day to day business plan approving process as follows:

1. Definition

In the Capital Goods Leasing Business proclamation 103/1998 and the amended proclamation No 807/2013, Directives of Ministry of Trade No. 001/2007 E.C and National Bank of Ethiopia ever Directives, OCGFSC operational policy/manual unless the context requires , otherwise use the definition given on stated above in case of ambiguity of word.

2. Background of the Enterprise

- 2.1 The enterprise’s Branch and its full name
- 2.2 Type of the enterprise (Private Limited Company, Share Company, Partnership, Sole proprietor ship or JV).
- 2.3 Number of the enterprises
- 2.4 The enterprise is existing/new and year of establishment
- 2.5 Requested Capital Goods estimated cost and its kind
- 2.6 Purpose of requesting the capital Goods?

3. Market Analysis

- 3.1 Availability of Raw material
- 3.2 Availability Market linkage if necessary
- 3.3 Having its own working and market place
- 3.4 Market saturation
- 3.5 Competitor
- 3.6 Ways to overcome its competitor
- 3.7 Risk of the business to the company from Market analysis point of view
- 3.8 Market Analyst’s professional suggestion and remark

4. Financial Analysis

- 4.1 Current legally Audit report for existed enterprise
- 4.2 Cash at hand
- 4.3 Evidence of Cash at bank and business circulation
- 4.4 Capital owned by the customer(enterprise) to identify their capacity to repay (both for expansion and new business)
- 4.5 Business history of the Enterprise
- 4.6 Risk of the business to the company from financial analysis point of view
- 4.7 Financial Analyst’s professional suggestion and remark

5. Site Visit

- 5.1 Customer openness to express about its business

- 5.2 Sufficiency of working capital
- 5.3 Availability of raw material and market linkage
- 5.4 Having compatible electric power
- 5.5 Having water, road supply, etc.
- 5.6 Appropriateness Working place and market place
- 5.7 The requesting customers having other loan?
- 5.8 Contribution of customer social –economic responsibility
- 5.9 Job opportunity created
- 5.10 Environmental impact assessment
- 5.11 Risk of the business to the company from Site Visitors point of view
- 5.12 Site Visitors’ professional Suggestion and remark

6. Technical Analysis

- 6.1 Required Capital Goods, Model, production Capacity& type.
- 6.2 Compatibility of Electric power
- 6.3 Availability of secondary market in case of default
- 6.4 Availability of spare part on the market
- 6.5 The requested machine its easily maintenance service condition
- 6.6 Durability of the machine (economic life)
- 6.7 Complexity of the machine
- 6.8 Technical evidence of the customer regarding operation of the machine
 - 6.9 Risk of the Machine to the company from technical analysis point of view
 - 6.10 Technical Analyst’s professional suggestion and remark on technical aspect

7. Legality of the enterprises and its document

- 7.1 Branch Stamped & Signed Business plan supportive letter
- 7.2 The enterprise’s signed and stamped application Letter together with minutes
- 7.3 Evidence of signed and stamped Memorandum of association/Article of Association for
(Private Limited Company, Share Company, Partnership)
- 7.4 Members Renewed Identity Card
- 7.5 Evidence of Commercial Registration Certificate
- 7.6 Evidence of Renewed Business License/working premises/
- 7.7 Evidence of Taxpayers registration certificate
- 7.8 Evidence of place of working premise (owned, Rented or provided by Town
Administration)
- 7.9 Evidence of technical capacity (profession and work experience)
- 7.10 Evidence of Education for members
- 7.11 Evidence of fixed asset ownership like house plan /liber for cars

7.12 Evidence of Marital status for Sole proprietor ship and his/her signed agreement

7.13 The unity of each legal evidence of the enterprise

7.14 Risk of the business to the company from legality point of view

8. Recommendation Needed from:--

8.1 Branch

8.2 Site visitors

8.3 Technical team, and

8.4 Appraisal team.

9. Boundary of the Guide Line

This guide line is bounded by ever revised National Bank of Ethiopia capital Goods Business operational modality Directive, National Bank of Ethiopia Limit on capital Goods Finance exposure to a single Lessee Directive and company's operational policy manual.

10. Duty To give Business plan Document

10.1 Any concerned Branch and Directorate of company shall the duty to check, comment and pass to the next step based on company's business plan receiving criteria for approval on time.

10.2 Any concerned Branch and Directorate of company shall the duty to give all documents attached with business plan of the customer during the approval process.

10.3 Any concerned Branch and Directorate of company shall the duty to check and count all documents attached with business plan of the customer during receiving process.

11. Prohibitions

The following acts are prohibited:

1. providing false document/evidence in the business plan;
2. causing to give false information about the business plan/ hide false document/evidence during the approval process;
3. to alter or to correct the customer's business plan by him/herself using his /her jobs duty;
4. Committing any act in violation of the Proclamation, Regulation or directives, company's operational policy manual issued pursuant to the Proclamation.

12. Revising of this Guide Line

This approved guide line may be revised by the management of the company at any time necessary.

13. Effective Date

This approved business plan guide line is effective after approved by Executive Management of the company.

20th Day of September 2020.

**Yonas Geleta Gemechu
Executive Managing Director of the Company
Fifinne**