

RFP Number: T25/05/26

Description: REQUEST FOR PROPOSAL (RFP) FOR THE APPOINTMENT OF A SERVICE PROVIDER TO CONDUCT A COMPREHENSIVE ASSESSMENT OF THE IDC'S DOUBTFUL DEBT ALLOWANCE POSITIO

Question and Answers Version 1

No.	Question	Type	Answer
1	Portfolio coverage: 2.Please confirm whether the scope applies to the entire IDC loan portfolio or only specific portfolios. If the latter, kindly specify which are in scope.	Technical	It applies to all loans disbursed by the IDC in its money-lending business.
2	Portfolio definition and segmentation: 4.Please indicate the number of distinct loan portfolios included. In the absence of a formal definition, please confirm whether segmentation may be aligned to existing Expected Credit Loss (ECL) measurement frameworks.		There are approximately 1,200 loans across all business units. These loans are all each tested for ECL's.
3	Availability of credit risk metrics (Section 3.2): Section 3.2 refers to default rates, recoveries, restructurings, and cure rates. Kindly clarify: Whether these metrics are already calculated and will be made available; or Whether they must be derived from underlying loan-level data.		These metrics will need to be calculated. They will need to be scoped and if information is available, it will be supplied. A session with the Risk Department will need to be set-up to obtain orientation and guidance.
4	If the latter, please confirm whether sufficient and complete data will be available to support these calculations, and whether this varies by portfolio. Historical data availability (Section 3.3) Please confirm the historical time horizon over which write-off and collateral realisation data is available.		The IDC can go back at least 5 to 7 years.
5	Loan lifecycle data coverage Please confirm whether data is available for: >Loan origination (including collateral and terms);		They happen on a continuous basis and mostly daily.
6	Loan lifecycle data coverage Please confirm whether data is available for: >Subsequent restructurings (if applicable); and		Loan restructuring happens continuously as the IDC is a development finance organization – the IDC takes extra-ordinary risks.
7	Loan lifecycle data coverage Please confirm whether data is available for: >Final outcomes, including write-offs, recoveries, and collateral realisation.		They also happen continuously. On average over 150 individual loans are written off in a financial year.
8	Current doubtful debt allowance: The RFP references a range of 25%–40%, and also an increase from 40% to 85%. Please confirm the current allowance applied for tax purposes and whether this differs across portfolios.		Stage 1 ECL – 25% Stage 2 and 3 ECL – 40% Write-offs deferred for income tax purposes, but claimed for IFRS – 40%
9	Project timeline: The timeline is indicated as two (2) months from appointment. Please confirm whether this is fixed or subject to adjustment based on scope. If fixed, kindly indicate the expected award and commencement dates		A firm date can be established once award is made.
10	Reference requirements: The RFP requests references for prior SARS submissions increasing doubtful debt allowances. Please confirm whether analogous experience (e.g. other SARS technical submissions or Section 11(j) advisory work) would be acceptable.		Seeking specifically doubtful debt experience.
11	Submission process: The RFP refers to both email submission and a SharePoint link, which appears non-functional. Please confirm the correct submission method and provide a working link if applicable.	Admin	Section 1: 4.3 indicates that all submissions must be sent to our dedicate electronic platform which is the sharepoint link. The link has also been validated and it is functional.

N FOR INCOME TAX PURPOSES