

Functional Requirement Specification

Project Elevate

Version: 1.0

1.Executive Summary

South African Development Finance Institutions (“DFIs”) play a pivotal role in empowering SMEs and driving socio-economic development. However, their funding processes are slow, fragmented, and opaque. This Functional Requirements Specification (“FRS”) outlines the outlines the functionality for a digital platform which will streamline access to funding from DFIs, banks, impact investors like the PIC and Masisizane Fund through a staged rollout of intelligent, tech-enabled services. The document is aligned with the BRD and expands on each phase with use cases, user roles, required system behaviour, and visual references. This FRS will guide platform development across all four phases and inform stakeholders of progress, capability, and scope.

2.Business Objectives

The key objectives of the proposed digital platform are to:

- Reduce time-to-funding for SMEs to at most a single month.
- Improve funding application success rates.
- Digitise and centralise DFI and bank funding readiness processes.
- Introduce predictive analytics and advisory intelligence.
- Enable scale and automation for DFIs and intermediaries.

3.Project Scope

The platform will be delivered in four phases, each building on the previous and adding core functionalities. Each phase represents a distinct product milestone, enabling scalability, automation, and AI-powered insights.

In Scope

- End-to-End SME Funding Journey: From initial readiness assessments through to application submission, advisory services, and funding predictability analytics.
- Multi-stakeholder Platform: Serves SMEs, DFIs, banks and business advisors, with appropriate access controls and interfaces.

- Artificial Intelligence Integration: Uses AI/ML for document validation, funding readiness scoring, application routing, and predictability modeling.
- Workflow Automation: Replaces fragmented manual processes with rule-based engines, automated checks, and smart document handling.

Out of Scope

- Direct funding disbursement or credit scoring services (handled by DFIs/banks)
- Legal responsibility for decision-making by DFIs or financial institutions
- Management of SME funds post-approval

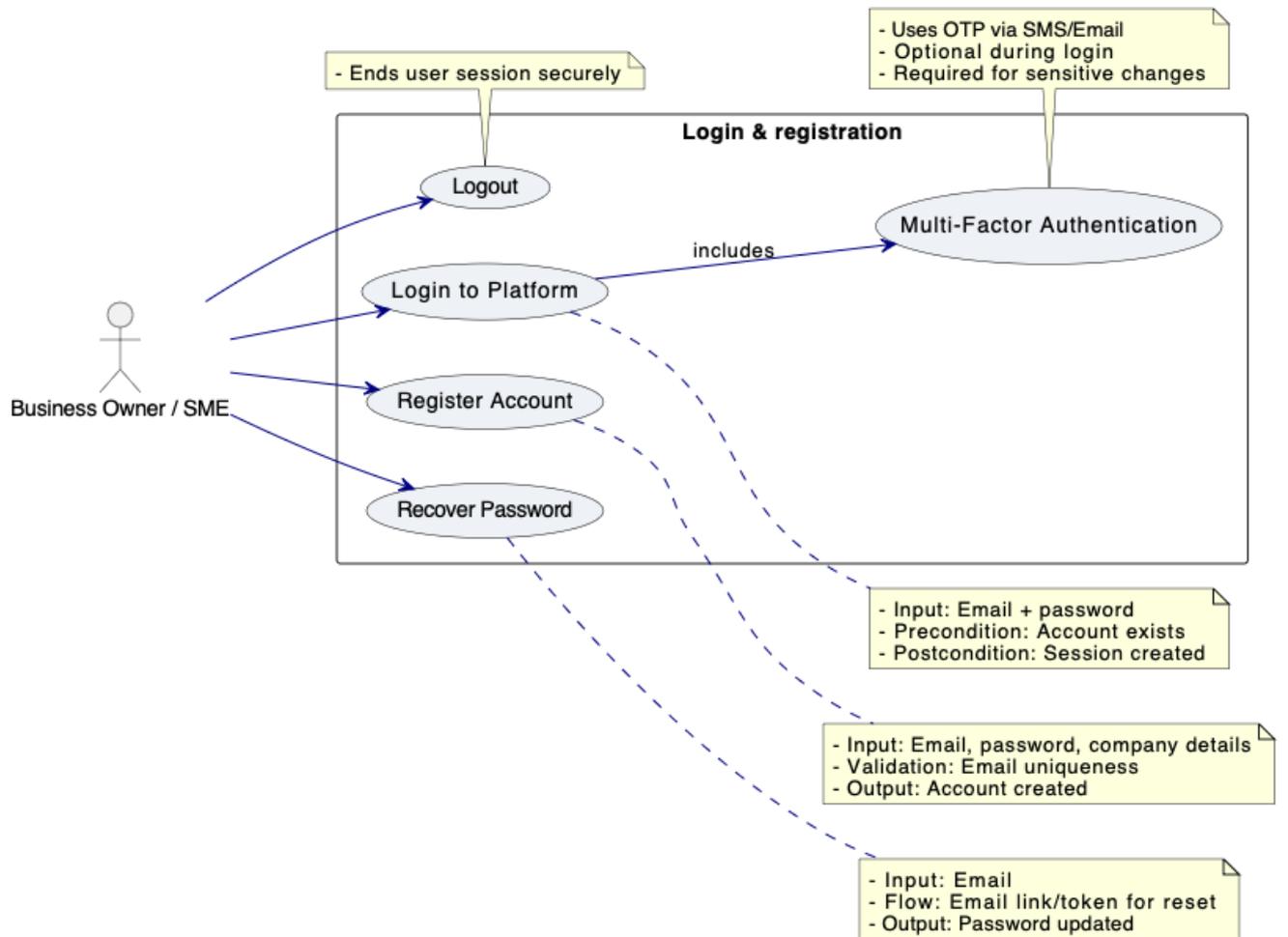
Strategic Value

- For SMEs: Significantly shorter and more guided application cycles, better preparation, and clarity on what is required.
- For DFIs and Banks: Better-quality applications, faster pipeline throughput, lower due diligence costs, and potential standardisation of eligibility frameworks.
- For Government and Partners: Enhanced visibility into SME funding demand and bottlenecks, with aggregated reporting and data insights.

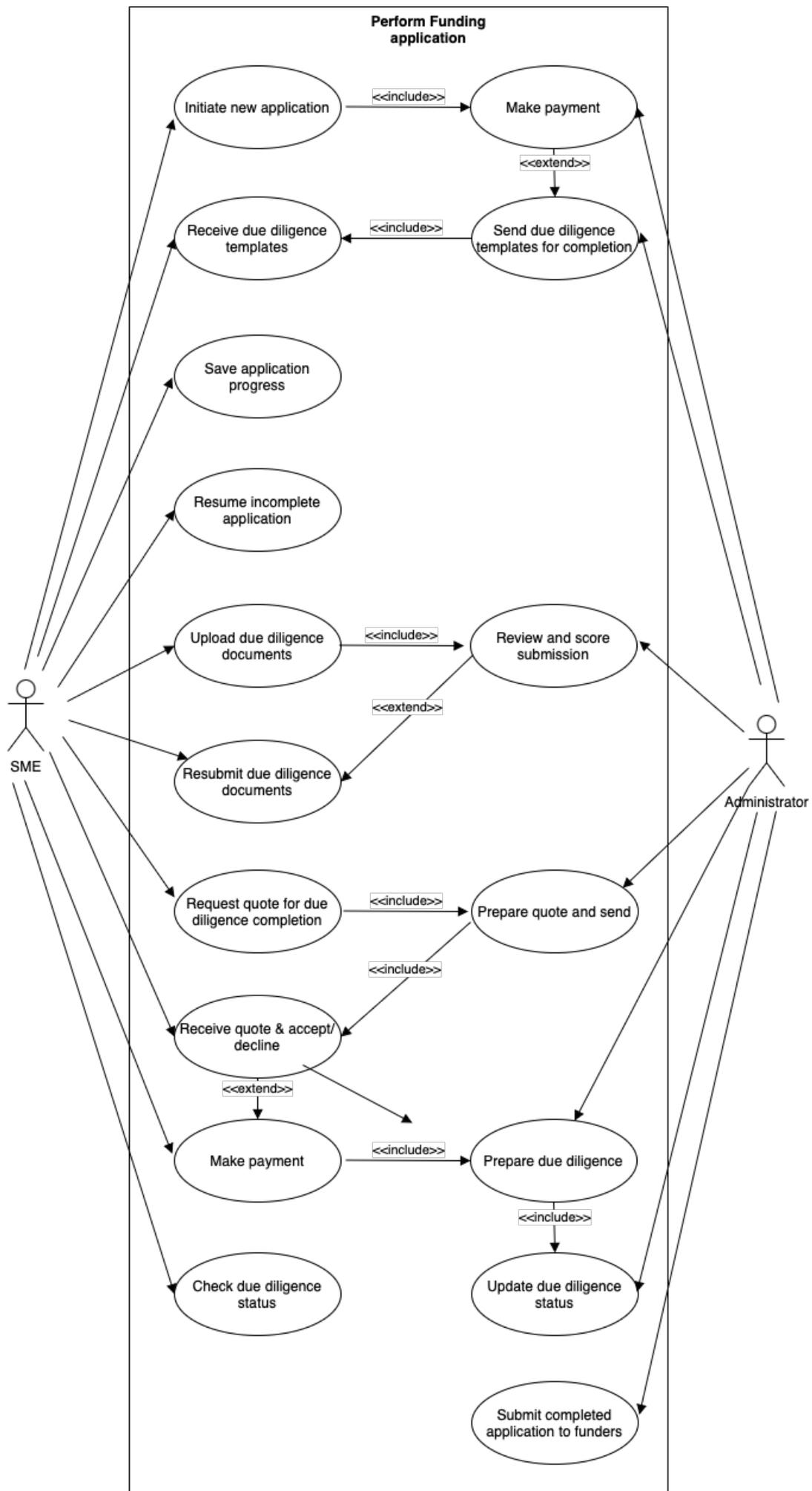
Phases Overview

Phase	Opportunity	Duration	Deliverables
1	DFI Funding Readiness Platform	6 months	MVP with document readiness check & digital profiling
2	Unified Application Gateway with AI Chat and funder chat	12 months	Multi-DFI portal, RAG-guided submissions, AI advisor & funder chat
3	Advisory-as-a-Service Layer	12 months	Marketplace of vetted advisors & expert-matching engine e.g asset valuers, legal advisors, accountants
4	Predictability Score Engine	12 months	Scoring model, benchmarking engine, recommendations

4.Phase 1 Use Case Diagrams









5. Non-Functional Requirements

1. Secure and encrypted data handling (aligned to POPIA)
2. Scalable microservices-based architecture
3. Modular build per phase
4. Role-based access controls
5. Mobile-first responsive UI

6. Assumptions & Dependencies

- DFI cooperation for technical integration
- User consent for data processing
- Partnerships with data providers (SARS, TransUnion, etc.)
- Progressive data availability for ML training

7. Risk Assessment

The following key risks have been identified:

Risk	Mitigation
Regulatory compliance (POPIA)	Legal advisory partnership from Phase 1
DFI resistance to standardisation	Early stakeholder engagement and communication
Data integration delays	Staggered rollout and fallback manual verification options
ML model bias or inaccuracy	Regular audit and retraining

Annexure A: Common Funding Requirements Across DFIs

Requirements	IDC	NEF	SEFA	LB	PIC
Business plan / Project proposal	✓	✓	✓	✓	✓
Financial projections (3–5 years)	✓	✓	✓	✓	✓
Audited financials (if existing business)	✓	✓	✓	✓	✓
Management experience / team CVs	✓	✓	✓	✓	✓
Compliance with B- BBEE	✓	✓	✓	✓	✓
Environmental & social impact consideration	✓	✓	✓	✓	✓
Ownership structure & shareholding	✓	✓	✓	✓	✓
Market analysis / Feasibility study	✓	✓	✓	✓	✓
Clear use of funds / Funding breakdown	✓	✓	✓	✓	✓
Tax compliance (SARS clearance)	✓	✓	✓	✓	✓

Annexure B: Unique Requirements by Institution

Institution	Unique Requirements
IDC	Prefers industrialisation-linked projects; minimum funding thresholds often >R1 million. Strong job creation focus.
NEF	Targets black-owned businesses exclusively; mandates a minimum B-BBEE Level 1–4.
SEFA	Focuses on micro and small businesses; often provides blended finance and loans under R500,000. More lenient collateral requirements.
Land Bank (LB)	Requires land use approvals, environmental impact assessments for agriculture, and alignment with agri-development strategies.

Annexure C: DFIs and Commercial Banks Comparison

Feature	DFIs	Banks
Risk appetite	High (developmental impact focused)	Low (credit-risk focused)
Return expectations	Below-market / patient capital	Market-driven returns
Collateral requirements	Often relaxed / alternative forms accepted	Strict collateral security required
Turnaround time	Slow (3–6+ months)	Faster (if standard documentation is provided)
Monitoring post-funding	High (impact tracking, job creation)	Low (focused on financial covenants)
Key decision criteria	Developmental impact, empowerment, jobs	Creditworthiness, cash flow, risk
Funding type	Grants, equity, quasi-equity, loans	Loans, overdrafts, trade facilities

+ Turnaround time may be longer than 6 months