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Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## THE NATIONAL COUNCIL OF PROVINCES

### QUESTION FOR WRITTEN REPLY

#### QUESTION NO. 1625

#### *IPAP/SEZ framework*

**Ms H S Boshoff (Mpumalanga: DA) to ask the Minister of Trade, Industry and Competition:**

- (1) Whether his department (a) intends aligning Afreximbank financing instruments with objectives of the (i) Industrial Policy Action Plan (IPAP) and (ii) Special Economic Zones (SEZ) framework and (b) considered integrating Afreximbank's funding support into South Africa's (i) climate-resilient and (ii) green-industrialisation initiatives; if not, why not; if so, (aa) what engagements have taken place in this regard and (bb) what are the further relevant details;
- (2) whether his department negotiated arrangements to ensure that (a) Afreximbank-linked credit and (b) guarantees are accessible through provincial investment agencies to avoid concentration of benefits in Gauteng and/or other metros; if not, what measures will be put in place in this regard; if so, what are the relevant details;
- (3) whether Afreximbank's small, medium and micro enterprises (SMME) guarantee mechanism will include a dedicated allocation for women and youth-owned exporters in line with South Africa's gender-responsive budgeting framework; if not, why not; if so,
- (4) whether his department intends to align the Export Credit Insurance Corporation's R9-billion SMME support programme with Afreximbank's risk-sharing portfolio to

- (a) avoid duplication and (b) enhance reach; if not, why not; if so, what are the relevant details;
- (5) whether his department, in consultation with the (a) SA Reserve Bank and (b) Financial Sector Conduct Authority concluded due diligence on the interoperability of the Pan-African Payment and Settlement System (PAPSS) with South Africa's domestic clearing systems; if not, what is the status of the assessment; if so, what are the relevant details? CW1851E

**REPLY:**

- (1) (a),(i),(ii)&(b),(i),(ii)

The department aims to align projects submitted to the Afreximbank for consideration for funding and related support, with the National Industrial Policy sectors and objectives as well as the Special Economic Zones (SEZ) framework. In line with the National Industrial Policy (NIP), the intention is to also put forward projects which speaks to climate-resilient and green-industrialisation initiatives.

(aa)&(bb)

The department and the Afreximbank have had several preparatory engagements linked to the accession process and requirements towards signing the accession instruments, as well as discussions around broad considerations on potential projects that could be put forward to the Afreximbank for consideration as part of a proposed Country Programme for South Africa. It is envisaged that select projects could be advanced following South Africa's formal accession.

- (2) (a)&(b)

The engagements with the Afreximbank does consider the provision of credit and guarantees for projects, including coordinated by provincial investment agencies, thereby promoting equitable distribution across all regions of projects put forward for consideration by the Bank.

- (3) Among other financial instruments, the Afreximbank supports Small, Micro, and Medium Enterprises (SMMEs) through its instruments such as the Working Capital Guarantee Programme [WORKAP] and the non-financial Export SME

Development Programme (ESDP). The department and entities, in engagements with the Bank towards utilisation of these and other instruments, will also consider allocations for women and youth-owned exporters in line with government's objectives and funding initiatives.

(4) (a)&(b)

The Export Credit Insurance Corporation (ECIC) currently has funds of around R9 billion under its management supporting various sized companies and projects through its instruments. The department will work with the ECIC to avoid duplication and enhance reach when leveraging the Afreximbank instruments, including with regards to supporting SMMEs.

(5) (a)&(b)

Accession to the Afreximbank does not automatically entail joining the Pan-African Payment and Settlement System (PAPSS), and current discussions between the department and the bank has not focussed on this area. The South African Reserve Bank has the mandate and jurisdiction to lead the process to consider the country's participation in this mechanism, and the department will be guided by the Reserve bank as to the appetite, pace and timing of decisions in this regard.

**-END-**