



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NO. 245

MP N P Mcinga (Eastern Cape: EFF) to ask the Minister of Trade, Industry and Competition:

(a) What measures have been taken to (i) support and (ii) develop small-scale industries in the township areas, (b) what (i) incentives and/or (ii) support programmes are available to entrepreneurs in such regions to encourage local manufacturing and (c) how is his department ensuring that such businesses are sustainable and competitive? CW299E

REPLY:

(a) (i) & (ii)

the dtic through the the National Empowerment Fund (NEF) supports small-scale industries in the township areas through financial and non-financial interventions. This complements the work undertaken by the Department of Small Business Development (DSBD). To date, the NEF has approved R14.6 billion towards SMMEs. This has been essential in enabling access to funding for SMMEs, the majority of which are broadly un-fundable by most funding institutions, especially commercial banks.

The Industrial Development Corporation (IDC) has placed a special focus on supporting and growing the economy of marginalised and lagging areas through supporting local economic development initiatives, fostering entrepreneurship and supporting the SME sector as well as being a catalyst for private and public sector investments in these economies.

(b) (i) & (ii)

The incentive and support programmes available include the Rural, Township and Community Development Fund administered by the NEF to provide funding to aspiring rural entrepreneurs. The NEF has reviewed its rural and township business support programme ensuring that it is affordable to the beneficiaries in that the interest rate charged to such businesses is capped at a maximum of 5%. These businesses are also given up to 12 months repayment moratoriums in the initial stages of funding to enable them to have sufficient revenues to grow their businesses.

The NEF required repayment periods to such businesses are also longer than the norm. In a normal business, the funding term can be up to a period of five (5) years whereas with township and rural businesses the repayment period can be up to eight (8) years. The NEF is also administering specialised funds to support small-scale industries in the manufacturing sector, furniture, tourism and energy amongst others. In addition, **the dtic**, through the Manufacturing Support Programme (MSP) offers support to grow and develop such entrepreneurs in the manufacturing sector.

The incentive and support programmes available by the IDC include:

- Financing of projects and businesses located in and around these areas through normal IDC business products with concessionary funding and pricing (R23.5bn in townships and surrounding areas, and R14.1bn in rural areas over the past 5 years);
- Social Impact Funding mechanisms and initiatives through the Social and Solidarity Economy and Spatial Initiative funding Programme. Over the past 5 years R120m has been funded to townships and R142m for rural areas;
- Seeking innovative solutions and strategies, such as funding through non-banking intermediaries targeting township businesses, youth- and women-owned enterprises (R410m approved);
- Facilitation of Partnerships such as the Township Economy Partnership Fund with the Provincial Government of Gauteng where a R400m fund was created in 2022 and is being managed by the IDC (to date 2 136 businesses have been supported in Gauteng); and

- Crisis funding and building resilience in the wake of disasters or emergencies. In the past this included supporting rural and township enterprises affected by Unrest (R149m supporting 1 897 businesses) and Floods (R85m supporting 1 422 businesses). More recently funding was made available, including a grant programme of R200m to support rural and township enterprises affected by load shedding and the energy crisis.
- (c) The support that the NEF provides also includes non-financial support where the entity conducts entrepreneurial training sessions and incubation programmes targeting enterprises in rural and township areas. In addition, the NEF also provide post-investment monitoring support to funded businesses to ensure prudent financial management and sustainability of entrepreneurs. The NEF also supports such businesses by leveraging its networks so that they have access to markets by enabling big businesses within the NEF portfolio and also in the private sectors to provide more contracts and shelf space for products of the rural and township businesses.

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