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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 1273

Ms N L Webster (BOSA) to ask the Minister of Trade, Industry and Competition:

(a) What amount did the National Empowerment Fund contribute towards township development projects since 2019, (b) were the amounts in the form of loans and/or grants and (c) what is the success rate of the investment? NW268E

REPLY:

- (a) The National Empowerment Fund (NEF) disbursed R1.1 billion towards 175 township and rural-based businesses. Of these businesses, 102 were based in townships (73 in rural areas), with a value of R704 million and 4,886 jobs located in those businesses. Two hundred and sixty-six million (R266 million) was disbursed to 66 of the businesses, which are women-owned and women-managed businesses. A total of R229 million of the investment was made to the wholesale and retail trade, repair of motor-vehicles, personal and household goods, and hotels and restaurants division per the standard industrial code (SIC), while R88 million was invested in the manufacturing sector.
- (b) The NEF uses debt, mezzanine, and equity instruments to deploy funds into the economy. These instruments are offered at concessionary rates and terms whereby the interest rates are substantially lower than what is offered in the market with an extended tenure periods (e.g. moratoriums of up to 2 years and repayment terms of up to 8 years compared to 5 years and no moratoriums by the commercial banks).

- (c) The success rate of the NEF's investments can be measured through the number of jobs in total of the businesses funded (4,886 jobs in the 102 businesses) and the collections rate (over 72%), which ensures further lending reaches more businesses. Furthermore, none of the transactions are in moratorium, which means the operations can afford the required level of funding. It is also important that the impairment rate on the NEF investments is 32%, which means that the vast majority of the funded businesses operate optimally.

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