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Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## THE NATIONAL ASSEMBLY

### QUESTION FOR WRITTEN REPLY

#### QUESTION NO. 1385

**Mr R W T Chance (DA) to ask the Minister of Trade, Industry and Competition:**

Regarding the Transformation Fund, what (a) progress has been made with implementing the four pillars that will be relied upon to operationalise the fund which are access to markets, finance, resources and the telemetry platform and (b) measures will the managers of the Fund take to ensure that Fund performance is superior to the National Employment Fund's 32% impairment rate and 72% collections rate? NW1547E

**REPLY:**

- (a) With regard to the implementation, the Transformation Fund – though currently incubated under the National Empowerment Fund (NEF) – will be an independent entity and established strategic partnerships are being established with public and private sector stakeholders to enable access to finance and access to market pillars of the integrated operating model. Furthermore, the Fund is working in partnership with financial institutions to develop a digital portal that enables real-time monitoring of investments, job creation, and impact metrics, supporting data-driven decision-making and transparency.
- (b) The Transformation Fund is structured to reduce over-reliance on credit for black MSMEs by adopting a blended finance approach combining debt, mezzanine, equity, and grants to improve access to affordable capital. For small businesses, grants will be standardised alongside credit to limit excessive gearing and enhance resilience to interest rate and inflation shocks. For larger, strategic industrial projects, early-stage equity will be used to de-risk investments, with sustainable gearing applied thereafter.



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Collectively, these measures aim to lower impairments and improve repayment performance. This will be achieved through the following:

- Blended finance structures, using first loss and guarantee mechanisms to enhance portfolio resilience and recoverability.
- Embedded technical and operational support, ensuring investees are commercially viable and scalable.
- Real-time monitoring via a telemetry platform, enabling early risk detection and proactive intervention.
- Performance-based governance, linking fund manager incentives to portfolio quality, collections, and impact and not just disbursements.
- Targeted sector focus and strengthened underwriting, leveraging cashflow-based lending and proven sector performance.

**-END-**