



the dtic

Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## THE NATIONAL ASSEMBLY

### QUESTION FOR WRITTEN REPLY

#### QUESTION NO. 1836

#### Mr J B Mtolo (MK) to ask the Minister of Trade, Industry and Competition:

- (1) What (a) formal review will his department undertake into funding decisions by development finance institutions where black-owned manufacturing enterprises have been declined funding while comparable entities have received substantial financial support and (b) safeguards exist to ensure that funding decisions do not reinforce exclusion under the guise of risk management as in the case of a certain entrepreneur (name and details furnished);
- (2) Whether requiring proof of large-scale commercial success from early-stage manufacturers aligns with the developmental mandate of state-funding institutions; if not, what is the position in this regard; if so, what are the relevant details;
- (3) Whether the current funding model supports industrialisation or only finances already established businesses; if not, why not; if so, what are the relevant details?

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#### REPLY:

- (1) (a) The Department will provide oversight on the performance of the Development Finance Institutions (DFIs) through the review of their quarterly and annual reports based on the Annual Performance Plan (APP) of the Department and its agencies.
- (b) The Department collaborates with the DFIs when approving funding for black industrialist enterprises by ensuring that projects approved have financial closure. However, all enterprises that apply for funding are subjected to due diligence investigations to ensure that the business proposition outlines technical, legal,



historical financial performance and projections, product offering, size of markets in an effort to determine commercial viability. The outcome of such investigations informs the decision-making process on any specific transaction. Based on the due diligence investigation, some of the applying entities may have demonstrated a solid business case that warrants consideration, as opposed to a few that may have failed to substantiate their business propositions.

In relation to the matter concerning Mr Fezile Dlamini of Green Scooter, the NEF Executive Committee engaged with Mr Dlamini on 24 March 2026 to better understand the requirements of the business and explore appropriate avenues of support. The engagement highlighted the need for patient capital—potentially including equity-type instruments—as well as targeted non-financial support such as market analysis, technical development, and enterprise support. Mr Dlamini has subsequently provided additional information, including a revised funding request and updated financial model, which is currently under assessment.

In parallel, the NEF continues to work with the dtic to strengthen funding mechanisms for enterprises operating in emerging and innovation-driven sectors where traditional financing approaches may not always be suitable. It is to be remembered that the NEF's funding model is intentionally structured to balance risk management with its developmental mandate. During the evaluation process, identified risks are actively addressed through appropriate structuring and mitigation measures, rather than serving as automatic grounds for exclusion.

- (2) While demonstrated market traction strengthens investment readiness, DFI's do not rely solely on established commercial scale as a prerequisite for support. However, DFIs have to consider commercial success for early stage manufactures in terms of ensuring that there is a market and/or off-take agreements for the manufactured products which will determine the commercial viability of the project. The DFIs have to give consideration to this aspect in order to assess the risk appetite margins that they have to operate within when providing state funding to the manufacturers. This



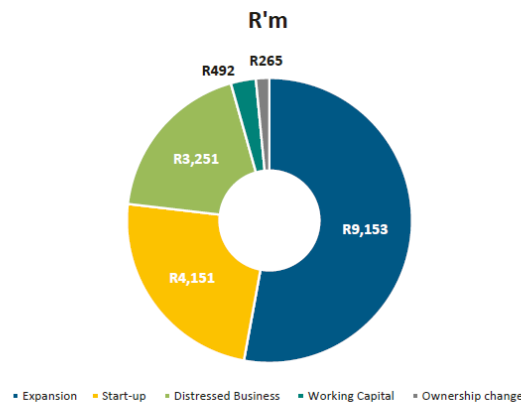
is in order to ensure that the balance sheets of the DFIs are able to provide recurring support to entities within the manufacturing sector as a whole.

- (3) The current funding model supports industrialisation and includes support to both start-ups and established businesses across the different stages of enterprise maturity. The state funding support on offer targets both Greenfield and brownfield investment projects (refer to Annexure A: IDC Distribution of funds).

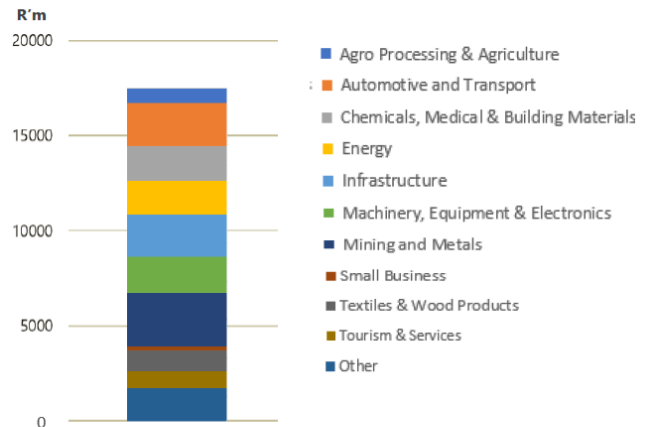
Annexure A

### DISTRIBUTION OF FUNDS PRIMARILY SUPPORTED INCREASING INDUSTRIAL CAPACITY

Majority of funding was allocated towards expansions



Strategic sectors



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