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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 1890

Mr B N Luthuli (IFP) to ask the Minister of Trade, Industry and Competition:

Noting that (a) the Black Industrialists Scheme (BIS) has supported some enterprises to expand their operations and (b) many black-owned enterprises remain trapped in survivalist mode, what programme has his department developed to support the struggling enterprises in the key focus areas of the BIS to scale up enough to also qualify for the BIS? NW2100E

REPLY:

The Department has put in-place the Manufacturing Support Programme (MSP), which does not have a minimum investment threshold to support small enterprises. The MSP offers grant funding to these enterprises to set up or expand their manufacturing enterprises.

To date, I have been advised by the National Empowerment Fund (NEF) as follows -

The NEF is mandated to support the development and expansion of black-owned and managed enterprises across the full business lifecycle. Over the past two decades, the NEF has complemented its financing activities with structured non-financial support aimed at addressing systemic market failures that continue to constrain black entrepreneurs, including limited access to information, markets, and technical capabilities.

In line with the Department of Trade, Industry and Competition's (**the dtic**) strategic focus on inclusive growth, the NEF has strengthened its Black Industrialists Programme by increasing the proportion of funding directed toward scalable enterprises, while ensuring that this is underpinned by sustained and targeted non-financial support. This approach is



designed not only to support firms already at scale, but also to progressively build the capacity of emerging enterprises to transition into industrialist-level participation.

- (a) To support enterprises that are not yet at the scale required to access programmes such as the Black Industrialists Scheme, the NEF provides structured support across both the pre-investment and post-investment phases, ensuring that businesses are progressively developed into fundable and sustainable entities.
- (b) At the pre-investment stage, the NEF provides:
 - i) Advisory support prior to application submission, where Product Advisors guide potential applicants on appropriate funding instruments and programme fit, thereby improving the quality and relevance of applications;
 - ii) Application support, with a capacitated call centre assisting applicants in compiling compliant and complete submissions, reducing barriers to entry; and
 - iii) Business refinement during screening, where investment professionals work with applicants to strengthen business plans, validate assumptions, assess contractual arrangements, and identify operational gaps requiring support.

At the post-investment stage, the NEF continues to provide active support over the life of the investment, which typically spans an average of seven years. This includes:

- i) Ongoing portfolio management and business support, ensuring that enterprises are guided through growth phases and operational challenges; and
- ii) Restructuring and turnaround interventions, where investment and legal teams support businesses experiencing distress, enabling recovery and sustainability.

In addition, the NEF has played a critical role in targeted interventions during periods of economic disruption, including the COVID-19 pandemic, civil unrest, and natural disasters such as the KwaZulu-Natal floods. These interventions have supported distressed and, in some instances, closed businesses to recover, stabilise, and re-enter economic activity.



Through this integrated approach — combining funding, capacity building, and targeted interventions — the NEF continues to build a pipeline of enterprises capable of scaling into programmes such as the Black Industrialists Scheme (BIS), while advancing broader objectives of inclusive industrialisation and economic participation.

The NEF continues to champion the cause of black businesses through policy advocacy and investments as well as non-financial support.

Furthermore, I have been advised by the Industrial Development Corporation (IDC) as follows –

(a) The IDC plays a central role in advancing the Department’s developmental objectives through its mandate to finance black-owned and emerging industrial enterprises across different stages of development. Support provided to date through the BIS, co-funded by the IDC and the Department, includes the following:

- 73 companies received co-funding under the BIS.
- Total funding portfolio: R7.28 billion (IDC Facility and **the dtic** grant combined).
- IDC contribution: R4.80 billion (approximately 66% of total funding), noting that some transactions are still being finalised or renewed.
- **the dtic** grant contribution: R2.47 billion (approximately 34% of total funding).

(b) Beyond firms that already qualify for the BIS, the IDC provides tailored funding and technical support to black-owned enterprises operating within priority industrial sectors, but which have not yet reached the BIS qualifying thresholds. These interventions are specifically designed to address constraints that keep enterprises in survivalist mode and to enable progression towards scale and sustainability. Key elements of this support include:

- Concessionary funding instruments targeted at early-stage, start-up, and growing black-owned industrial enterprises whose investment size falls below the BIS threshold.



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- Blended finance and risk-sharing mechanisms, implemented in partnership with the Department and other stakeholders, to de-risk investments and crowd in additional funding.
- Business development and post-investment support, including governance strengthening, operational improvements, and where necessary, turnaround interventions to stabilise enterprises and improve long-term viability.
- Sector-specific funding windows aligned to South Africa's industrial policy priorities, allowing enterprises to access finance progressively as they grow.

Through these integrated measures, the Department and the IDC are deliberately building a pipeline of scalable, sustainable black-owned industrial enterprises, thereby enabling struggling enterprises to transition from survivalist operations to growth-oriented businesses that may, over time, qualify for incentive-based programmes such as the Black Industrialists Scheme.

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