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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2301

Mr M M Mdluli (DA) to ask the Minister of Trade, Industry and Competition:

Whether his department intends to use the Transformation Fund to finance the acquisition of equity by employees in majority white-owned private small- and medium- enterprises to increase business ownership by historically disadvantaged individuals; if not, why not; if so, what (a) measures have been put in place to ensure the (i) sustainability and (ii) growth of such enterprises once ownership has been transferred and (c) financial instruments such as grants and/or loans will be used to achieve the specified goal? NW2411E

REPLY:

The Transformation Fund (TF) intends to intervene by providing a variety of funding instruments across multiple investment structures. These include expansion finance for existing black-owned businesses, funding for start-ups, and project finance transactions that are majority black-owned.

In addition, the Fund will support the acquisition of equity by black individuals or broad-based ownership schemes like community structures and employee share ownership schemes in both black-owned and white-owned businesses.

In order to ensure the sustainability and the growth of the businesses, post-investment support, mentorship, monitoring and evaluation will be implemented on the funded businesses. This includes facilitating access to markets, providing technical support, and assigning experienced mentors drawn from a panel of professionals such as accountants, engineers, and industry specialists, amongst others.



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Regular submission and review of management accounts against actual performance enable the identification of variances and areas requiring improvement.

The Transformation Fund further intends to mobilise a mix of funding instruments, including loan facilities, grants, concessional loans, and equity.

These instruments will be blended appropriately on a case-by-case basis, depending on the specific investment requirements.

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