



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2400

Ms A M van Zyl (DA) to ask the Minister of Trade, Industry and Competition:

(a) Under which programmes will funds from the Spaza Shop Support Fund be disbursed, (b) from which financial year's budget will the funds be sourced, (c) what specific oversight mechanisms are in place to monitor the disbursement of funds, (d) what is the role of the Department of Cooperative Governance and Traditional Affairs in the (i) disbursement and (ii) management of funds and (e) which government department will be the custodian of the database of all applications? NW2770E

REPLY:

I have been advised by the National Empowerment Fund (NEF) as follows.

- (a) Regarding **the dtic** contribution towards the Spaza Shop Support Fund, the funds will be made available via the NEF through its Rural and Township Fund programme.
- (b) The funds have been allocated for 2025-26 fiscal year.
- (c) The NEF has instituted multiple oversight mechanisms to ensure that the disbursement of funds under the Spaza Shop Support Fund is properly monitored, transparent, and aligned with the intended objectives of the programme. These mechanisms include:

1. Automated Application and Monitoring System:

All applications are processed through the NEF's automated Customer Relationship Management (CRM) system, which tracks the progress of each application and provides real-time daily reports on the Fund's status and approvals.

2. Investment Committee Approval:

Disbursements are only effected following a formal approval process by the NEF's Investment Committee, which evaluates each application for funding in accordance with established investment criteria and due diligence protocols that are aligned to the Spaza Shop Support Fund criteria.

3. Finance Verification Processes:

The NEF's Finance Division implements internal financial controls that verify and validate all disbursements before funds are released. These controls ensure that disbursements are made in accordance with the approved terms and conditions of Spaza Shop Support Fund.

4. Post-Investment Reviews:

The NEF's Post-Investment Unit conducts post-disbursement reviews to confirm that funds have been utilised in line with the approved business plans and conditions. This includes site visits, assessment of receipts, and verification of stock or asset purchases.

5. Direct Payment to Pre-Approved Suppliers:

To minimise the risk of fund misuse, disbursements are made directly to vetted and pre-approved suppliers for the procurement of goods and services required by the beneficiaries, rather than to the clients themselves.

6. Internal Governance and Reporting Structures:

Oversight is reinforced through the NEF's governance structures, which include:

- Monthly reporting to the NEF Executive Committee (EXCO) for operational monitoring and decision-making.

- Quarterly reporting to the NEF Board or its sub-committees to ensure strategic oversight and accountability.
- Weekly coordination meetings convened between the NEF, the Department of Small Business Development (DSBD), the Department of Trade, Industry and Competition (**the dtic**), and SEDFA, facilitated by the Deputy Director-Generals (DDGs) and Chief Executive Officers (CEOs) of the respective entities.

These combined mechanisms ensure robust oversight, minimise the risk of misuse, and enhance transparency and accountability in the disbursement of funds under the Spaza Shop Support Fund.

(d) **(i) Disbursement of Funds:**

The Department of Cooperative Governance and Traditional Affairs (COGTA) is not responsible for the disbursement of funds under the Spaza Shop Support Fund. Disbursements are managed by **the dtic** and the DSBD through their agencies in line with established investment and financial governance processes.

(ii) Management of Funds:

Similarly, COGTA is not responsible for the overall management of the fund. The fund is managed through a partnership involving the NEF, the DSBD, **the dtic** and SEDFA.

Role of COGTA:

The COGTA plays a supporting and enabling role through its oversight of municipalities, which are responsible for the development and enforcement of local legislation and by-laws that govern the operation of spaza shops, including the issuing of trading permits and business licences.

In this regard, COGTA, through its municipalities, assists the NEF and SEDFA by verifying that each applicant:

- Possesses a valid trading permit or business licence, and
- Is compliant with relevant municipal regulations and by-laws.

This verification process is critical to confirming applicant eligibility and ensuring that funds are disbursed only to legally operating spaza shops. The COGTA's involvement strengthens the integrity of the fund by ensuring that only compliant and duly licensed businesses benefit from the financial support.

- (e) The NEF and SEDFA will be the custodian of the Spaza Shop database. The Agencies have adopted one portal that is shared across both their systems. Therefore, regular meetings are held on the processing of all applications.

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