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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2435

Mr S I Gama (MK) to ask the Minister of Trade, Industry and Competition:

(1) What is the extent of the successes achieved by development finance institutions in the post-apartheid era to reshape ownership patterns in the economy of the Republic by financing key black-owned industrial programmes and thereby help previously excluded groups to move from the periphery to the centre of the economy;

(2) whether he has found that the Industrial Development Corporation (IDC) in particular has played a key role in financing black business in the Republic; if not, what is the position in this regard; if so, how have they distinguished themselves from the commercial banking sector? NO2359E

REPLY:

1) Development Finance Institutions, including the Industrial Development Corporation (IDC), have played a critical role in reshaping ownership patterns in the South African economy by expanding access to long term industrial finance for historically disadvantaged South Africans. DFIs have supported transformation by financing black owned industrial enterprises, supporting employee ownership structures, and promoting participation by previously excluded groups in key productive sectors.

Over the 2025/26 financial year, the IDC approved 59 funding transactions for black-owned businesses, amounting to approximately R4.9 billion in committed funding. These approvals were spread across a range of sectors, including energy, manufacturing, mining beneficiation, agriculture, automotive components, agro processing and services, reflecting a deliberate strategy to deepen black industrial ownership across the value chain.

In the same period, the IDC disbursed approximately R3.3 billion to black-owned enterprises across 150 transactions, demonstrating not only approvals but real capital flow into the economy. This funding supported both large catalytic projects and smaller enterprises, contributing to business expansion, localisation, value chain participation and employment creation.

These outcomes illustrate how DFIs, through targeted industrial funding, have helped move black-owned enterprises from the periphery into more central positions within the economy, consistent with Government's transformation and inclusive growth objectives.

2) Yes, the Industrial Development Corporation has played a significant and measurable role in financing black business in the Republic. The scale of approvals and disbursements to black owned enterprises in the 2025/26 financial year underscores the IDC's central role in supporting ownership transformation and industrial participation. The IDC distinguishes itself from the commercial banking sector in several key respects. Unlike commercial banks, which typically prioritise short term, low-risk lending, the IDC provides patient, long-term capital aligned to industrial policy objectives. It is willing to fund early-stage, capital-intensive and transformational projects that may not yet meet conventional banking criteria but have strong developmental impact. In addition, the IDC actively structures funding to promote black ownership, employee share ownership schemes, beneficiation and localisation, rather than financing purely balance sheet driven transactions. Its intervention extends across the full project lifecycle—from project development through to expansion often in sectors and regions underserved by commercial finance.

The IDC also plays a counter-cyclical role, continuing to support black-owned enterprises during periods of economic stress, thereby preserving productive capacity, enabling industrial participation and advancing inclusive economic growth in line with Government priorities.

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