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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO.: 3921

Mr M C Masina (ANC) to ask the Minister of Trade, Industry and Competition:

Now that the SA Industrial Policy has been approved by the Cabinet, where will the money come from to fund the ambitious industrial proposition? NW4147E

REPLY:

The implementation of South Africa's Industrial Development Strategy (IDS) will be supported through a coordinated, blended financing approach, rather than reliance on a single source of funding. Government's objective is to use public resources strategically to crowd in significantly larger volumes of private sector and development finance in support of industrialisation, localisation, enterprise development and job creation.

To maximise economic impact within limited financial resources, the Incentive Branch will strategically reallocate funding towards incentive programmes that demonstrate the greatest potential to generate employment, attract investment, and increase exports.

Additionally, engagements with National Treasury on fiscal support measures for the implementation of the IDS are ongoing.

Furthermore, the Industrial Development Corporation (IDC) follows a self-sustaining funding model. It first relies on internally generated funds, including cash from operations (profit and loan repayments), dividends from its equity investments, and proceeds from divestments of mature holdings. These internal sources form the foundation of IDC's funding strategy, strengthening its balance sheet and providing capital for new development initiatives. Only if a funding gap remains does IDC turn to external debt financing, leveraging its strong balance sheet to raise funds in domestic and international capital markets. The external funding instruments it employs are diverse, ranging from bilateral loans with domestic and foreign commercial banks and development finance institutions (DFIs), to bond issuances, short-term credit facilities, grants and other appropriate funding products. This balanced approach ensures that external borrowings are used judiciously to supplement internal resources while maintaining prudential debt levels and financial stability, aligning with IDC's conservative leverage and funding strategy. Overall, the model emphasizes maximizing self-financing capacity and then utilizing market borrowings as needed to fill funding gaps, ensuring a sustainable and flexible funding base to support IDC's development mandate.

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