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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 4342

Mr J B Mtolo (MK) to ask the Minister of Trade, Industry and Competition:

- (1) What formal review has his department undertaken about the funding decisions of development finance institutions where black-owned manufacturing enterprises have been allegedly declined funding while comparable entities have received substantial financial support;
- (2) whether he has found that (a) requiring proof of large-scale commercial success from early-stage manufacturers aligns with the developmental mandate of state funding institutions, (b) the current funding model (i) supports industrialisation or (ii) favours already established businesses; if not, what is the position in each case; if so, what are the relevant details in each case? NW4412E

REPLY:

- (1) The Department has not undertaken a separate formal review of individual funding decisions by the IDC in relation to the allegations raised, however, it has engaged with the Industrial Development Corporation (IDC) regarding concerns raised about funding decisions affecting black-owned enterprises, including matters raised in the Portfolio Committee. The IDC continues to engage stakeholders on the concerns raised. In addition, the IDC Board has established an Independent Complaints Review Panel (ICRP), which is now operational, and matters raised at the Portfolio Committee have been referred to the Panel for independent review and consideration.



The IDC remains committed to advancing industrialisation, transformation and inclusive economic growth. As of 31 March 2026, black-owned businesses accounted for 374 of the IDC's 683 business partners (55%) and represented approximately R37.3 billion in exposure and undrawn facilities. By comparison, majority white-owned businesses accounted for 59 business partners (9%) and approximately R5.4 billion in exposure and undrawn facilities (5%). The IDC's portfolio is, therefore, substantially weighted towards transformed ownership categories and support for black-owned enterprises. The remainder of the companies supported by the Corporation are listed entities, subsidiaries and foreign-owned companies.

(2) **(a) Developmental Mandate and Commercial Viability Assessment**

The IDC supports industrial development, transformation and the growth of emerging enterprises, including start-ups. Funding decisions are not based on proof of large-scale commercial success, but on an assessment of developmental impact, commercial viability, job creation potential, transformation objectives and long-term sustainability. The IDC's project development pipeline spans strategic sectors, including agro-processing, manufacturing, renewable energy, critical minerals beneficiation, green hydrogen, new energy vehicles, digital infrastructure, the blue economy and regional industrial value chains. Projects are at various stages of development, ranging from feasibility studies and project preparation to commercialisation, implementation and expansion. Recent examples include green hydrogen infrastructure hubs in Boegoebaai, Saldanha, Coega and Richards Bay; the Frontier Rare Earths beneficiation project in the Northern Cape; e-mobility and battery-electric vehicle initiatives under the New Energy Vehicle Programme; renewable energy aggregation projects supplying power to industrial users; and agro-processing and mineral beneficiation projects aimed at strengthening local value chains.



(b)(i) IDC Funding Model and Support for Industrialisation

Yes, the IDC's funding model is designed to support industrialisation, localisation, economic diversification, transformation and job creation.

(b)(ii) Whether the Funding Model Favours Established Businesses

No, the available evidence does not support a conclusion that the IDC funding model favours already established businesses. In FY2026, the IDC approved 22 start-up transactions worth R2.9 billion, with an anticipated 5,555 jobs to be created.

The IDC continues to support enterprises across the business lifecycle, including start-ups, expansionary investments, working capital funding and distressed businesses where there is a developmental rationale.

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