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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 4894

Mr T M Langa (IFP) to ask the Minister of Trade, Industry and Competition:

With reference to concerns regarding the support provided to financially distressed businesses by the Industrial Development Corporation (IDC), what (a) number of black-owned enterprises funded by the IDC have entered business rescue and/or liquidation in the past three financial years, (b) measures has his department implemented to strengthen early intervention and turnaround support for distressed black-owned enterprises and (c) assessment has been conducted regarding the extent to which business rescue and restructuring interventions have resulted in the preservation of businesses and jobs?
NW5237E

REPLY:

- a) **Business Rescue and Liquidation of IDC-Funded Black-Owned Enterprises:** The Industrial Development Corporation (IDC) had 395 Black-Owned Business Partners in its portfolio and 29 (7%) entered Business Rescue (BR) or liquidation in the past three financial years.
- b) **Early Intervention and Turnaround Support:** The IDC has strengthened early intervention and turnaround support for funded black-owned businesses through continuous portfolio monitoring, an early-warning health-index framework and risk-based escalation. Funded businesses are regularly assessed against approved business plans, financial forecasts, operational targets and funding conditions to identify emerging risks at an early stage.



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Businesses are classified as Healthy, Early Onset, Stressed/Struggling or Distressed. As the level of risk increases, the IDC increases monitoring and support, including corrective action plans, targeted business support, independent reviews, revised forecasts, turnaround planning and, where appropriate, restructuring or formal business rescue. These interventions are intended to protect enterprise value, preserve jobs and support the return of viable businesses to financial and operational sustainability.

- c) **Assessment of Turnaround and Job Preservation Outcomes:** The IDC assesses the effectiveness of each approved business rescue, restructuring or turnaround intervention against the agreed turnaround or investment plan. The assessment considers whether the business and jobs have been preserved, whether cash flow and operations have improved, whether funding conditions and milestones have been met, whether the business is financially sustainable, and the extent to which the IDC's investment is likely to be recovered. Where material concerns are identified, these are escalated to the relevant decision-making structures and may result in further corrective action.

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