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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2744

Mr R W T Chance (DA) to ask the Minister of Trade, Industry and Competition:

In view of the expected large increase in funding applications received following the establishment of the Transformation Fund, what measures will he implement to ensure the special purpose vehicle established to run the specified fund is adequately resourced to handle the influx of applications and adhere to industry standards in processing the funding applications? NW3170E

REPLY:

In anticipation of a significant increase in funding applications that will be received after the establishment of the Transformation Fund, several proactive measures are being developed for implementation to ensure the Special Purpose Vehicle (SPV) responsible for administering the Fund is adequately resourced and operates in line with industry standards. These measures include the following:

i. Capacity

The SPV will leverage existing infrastructure, systems, procedures, optimal capacity and capability both in the private sector and public sector and employ experienced personnel to deploy the allocated capital. The SPV through the Board of Directors will further strengthen its capacity through the recruitment of skilled personnel with expertise in deal origination, due diligence, fund management, and enterprise development to ensure efficient and professional handling of applications. The SPV would also have the flexibility to collaborate with private sector players, as well DFIs, including intermediaries — to broaden its impact reach and impact.

- ii. Furthermore, some of the key interventions like non-financial support interventions and Monitoring and Evaluation will be embedded through collaboration with private secondary and other entities as means to ensure efficiency.
- iii. **Digital Application and Workflow System:** A digital platform will be developed to automate and streamline the application intake, evaluation, decision making and tracking processes. This system will improve turnaround times, enhance transparency, and enable real-time reporting.
- iv. **Standardised Operating Procedures (SOPs):** The SPV will implement clearly defined SOPs that align with industry best practices for application assessment, risk evaluation, and fund disbursement. This will include strict adherence to turnaround times and compliance protocols.
- v. **Independent Investment Committees:** To safeguard governance and ensure transparency and impartiality, independent investment committees with relevant sector expertise will be established to review and approve funding decisions. The Investment Committee will operate under an Investment Charter, which will be reviewed and approved by the SPV's Board of Directors. The Charter will incorporate principles of best corporate governance practices.
- vi. **Strategic Partnerships:** The SPV will collaborate with Development Finance Institutions (DFIs), commercial banks, and private sector specialists to enhance screening capacity and technical support, particularly for high-volume periods. These relationships will be managed through Service Level Agreements (SLAs) with clearly defined terms and conditions, along with appropriate monitoring mechanisms.
- vii. **Monitoring and Evaluation Framework:** A comprehensive and watertight Monitoring and Evaluation (M&E) framework will be developed to - assess fund performance; measure impact; and ensure continuous improvement in application processing.

These interventions are designed to ensure that the Transformation Fund is not only accessible but also professionally managed, transparent, and impactful in advancing South Africa's agenda of inclusive economic growth.

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