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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**PARLIAMENTARY QUESTION: 2619**

**DATE OF PUBLICATION: 1 September 2017**

**Adv A de W Alberts (FF Plus) to ask the Minister of Economic Development:**

1. How many loans the Industrial Development Corporation has allocated to (a) individuals and (b) legal persons, including trusts, since 1 January 2000;
2. in respect of each person and/or legal person to whom the loan was allocated, what is the (a)(i) amount and (ii) basis of the loan, (b) what served as security for the loan, (c)(i) on which date was the loan allocated and (ii) what is the (aa) term and (bb) interest rate of the loan and (d) what amount of the loan has been repaid in each case;
3. (a) which of the loans will in all probability never be repaid, (b) what steps will be taken in respect of each one and (c) which loans will probably be converted into shares? NW2924E

**REPLY**

The total number of transactions approved between January 2000 and March 2016 is 4450.

The IDC offers the following financing products:

* term debt,
* revolving credit facilities,
* guarantees,
* working capital loans,
* business support loans and
* quasi-equity (e.g. preference shares or subordinated loans).

The IDC may also take direct equity investments in companies at times.

The products and terms are structured in a way that will suit the business’ needs most appropriately and may be used on their own or in combination depending on the clients’ requirements.

Debt facilities have fixed repayment terms (monthly, quarterly, semi-annually or annually) determined by the cash flow of the company whereas equity-type transactions have longer terms and do not necessarily have fixed repayment terms, rather milestone or event based repayment terms and /or a bullet payment at a future date.

In respect of loan financing, IDC offers a discount when achieving the development objectives as determined by IDC from time to time.

Over the years the IDC has managed a range of different funds in an effort to respond to various needs in the economy, each with customised pricing. For example, the Gro-E Youth programme for youth-empowered enterprises (more than 25% equity held by youth) has a loan cost of prime less 3% and an equity cost-structure based on a 6% Real After Tax Internal Rate of Return and where jobs are created at a cost of below R500 000 per employment opportunity.

Prior to April 2017, the IDC had a client confidentiality framework in place that is typical for a financial institution. Since 1 April 2017, the IDC provides information on business partners that it funds, on the IDC website. Approvals for the first quarter of the 2017/18 financial year are available on the website.

In accordance with the above, the IDC assures me that it has mechanisms in place to ensure that in any transaction appropriate consideration is taken in terms of amounts approved, interest charged, and requisite security taken over and above the provision of post investment support provided to IDC funded clients.

Additional details may be accessed from the IDC Annual Reports, copies of which are tabled in parliament and which may also be accessed at [www.idc.co.za](http://www.idc.co.za)

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