**THE NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO. 2851**

**DATE OF PUBLISHED: 10 DECEMBER 2021**

**Mrs Y N Yako (EFF) to ask the Minister of Trade, Industry and Competition:**

What is the list of specific interventions his department has made to facilitate and support

rural enterprises run by youth over the past five years? [NW3371E]

**REPLY:**

Three entities within the dtic institutions have collectively assisted approximately 288

youth-owned and empowered enterprises with approved funding of R9,57 billion over the

past five financial years. This includes the work of the Industrial Financing Branch (IFB)

within **the dtic** and the department’s entities, the Industrial Development Corporation

(IDC) and the National Empowerment Fund (NEF).

I am advised that the IFB approved 92 youth-owned enterprises for cost-sharing

reimbursed grant funding amounting to R1 billion. The IDC and NEF provided support

with the former approving R8.2 billion for 196 youth-owned and empowered enterprises

and the latter R357.6 million for the benefit of businesses that are owned and managed

by black youth. Further information supplied by the relevant entities are set out below.

While the data is not easily comparable between rural and urban youth support, the

available data shows that youth-owned and empowered enterprises in rural areas

received support of approximately R1.4 billion comprising cost-sharing grant funding to

the value of R83.98 million and a mix of loan and grant funding of R1.3 billion from IDC

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and R35.76 million from NEF. This is in addition to non-financial support provided by

different dtic-agencies to youth-empowered businesses.

Rural youth enterprises can apply to a number of incentives that the Department is

offering. In particular, over the past five years, youth-owned enterprises in rural areas

were supported by the following incentives: Agro-Processing Support Programme

(APSS), Black Industrialist Scheme, Support Programme for Industrial Innovation (SPII),

and the Film and TV Production Incentive. Support to these youth-owned enterprises in

rural areas is approximately R83,98 million.

The IDC has an annual funding target for youth-empowered enterprises and is targeting

R**900 million** in the current financial year. This is complemented by targeted interventions

and youth ecosystem support, youth business support, and concessionary finance for

youth entrepreneurs. The IDC offers two bespoke interventions aimed at supporting

Youth entrepreneurs:

 The **Gro-E Youth Scheme** is a finance scheme offering concessionary interest

rates to youth-empowered and youth-owned enterprises demonstrating the

ability and potential to create jobs: youth-empowered enterprises (25% – 50%

youth ownership) up to Prime minus 2%; and youth-owned enterprises (greater

than 50% youth ownership up to Prime minus 3%).

 The Gro-E Youth Scheme is further supplemented by the **Youth Pipeline**

**Development Programme** offering pre-investment and post-investment

business support aimed at: supporting youth applications to become

investment ready; assisting with meeting and satisfying conditions precedent;

and ensuring the businesses’ sustainability. The Gro-E Youth Scheme and

Youth Pipeline Development Programme have been recapitalised and

extended for a further 5-year period.

Further, the IDC provides grant funding for development, focusing on rural areas, small

towns and townships throughout the nine provinces of the country. This includes support

to youth-owned and empowered businesses. The two specific funds looking at this are:

 **Spatial Intervention Fund (SIF)**: Aims primarily in assisting entrepreneurs

within communities by providing funding directed at projects with specific social

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outcomes. It also seeks to facilitate partnerships and collaboration between the

private sector, public sectors and communities thus, bringing disadvantaged

and marginalised groups and communities into the supply and value chain

within the formal economy through catalytic grant funding.

 **Social enterprise fund (SEF)**: This fund assists social enterprises to apply

business solutions to social and environmental problems and challenges. The

goal is to achieve sustainability by enabling these enterprises to support

themselves financially in innovative ways

The NEF has pursued the support for youth-owned enterprises primarily through its five

investment funds, namely iMbewu Fund for SME support, Rural, Township and

Community Development Fund (RTCDF), uMnotho Fund for medium-sized enterprises,

Strategic Projects Fund to develop black industrialists, and the Women Empowerment

Fund. The latter cuts across all the four funds because the empowerment of black women

is one of the strategic priorities of the country. The product offerings of these funds are

geared towards unlocking value for youth entrepreneurs and those domiciled in rural

areas and townships. The RTCDF even goes further in facilitating inclusivity of rural and

township entrepreneurs whose beneficiaries are individual entrepreneurs, communities,

and other groups formed to conduct business.

Through the ongoing investor campaign, the NEF reached over significant numbers of

people by facilitating more than 300 investor education community seminars in rural and

related areas on how to identify investment opportunities and access tools that will assist

in converting those opportunities into tangible investments. From 2017 to date, business

skills training has been provided to over 3100 entrepreneurs who attended 420 seminars.

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