**QUESTION FOR WRITTEN REPLY**

**NATIONAL ASSEMBLY**

**3515. Mr R W T Chance (DA) to ask the Minister of Small Business Development:**

**With reference to the Minister of Finance’s Medium-Term Budget Policy Statement delivered in the National Assembly on 25 October 2017, where mention was made of a fund for start-up businesses, (a) by which date will the specified fund be operational, (b) what amount will be injected into the fund, (c) where will the money come from, (d) who will manage the fund, (e) will it have any connection to the Small and Medium-sized Enterprises Fund established by the Chief Executive Officer Initiative, (f) will it operate as a separate Development Finance Institution and (g) what will its financial mandate be in terms of (i) return on investment and (ii) profitability?**

**REPLY:**

1. The Fund will be operational during 2018/19 financial year but the planned disbursement of the funding will be the beginning of 2019/2020 financial year.
2. An allocation of R1 Billion has been communicated to the Department of Small Business Development.
3. The money will come from the national fiscus.
4. The Department of Small Business Development together with National Treasury and Department of Science and Technology are working with the Government Technical Advisory Centre (GTAC) to develop the architecture of the Fund where issues around the management of the Fund will be considered.
5. The SA SME Fund established by the CEO Initiative is targeting high growth businesses whereas our research on the ecosystem shows that there is a lack of funding of enterprises that are at an ideation and early start-up phase which will be the target of the Fund. The Department together with its agencies are engaging with SA SME Fund to identify areas of collaboration on other matters which include sharing research, mentorship and training of enterprises on financial management.
6. The work that is being undertaken through GTAC will assist government to decide on how the fund will operate but the government is conscious of the economic environment and would not look at setting up a completely new structure that will add to operational costs.
7. The financial mandate of the fund will be informed by the exercise that is being conducted through GTAC, but government is looking at having this fund as a soft loan which will provide affordable finance to small businesses and the emphasis will be more on ensuring that the Fund is sustainable rather than profit maximisation.