



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

BOUNCE BACK SUPPORT SCHEME FOR BUSINESSES TAKES EFFECT

The Bounce Bank Support Scheme for businesses signalled in the Minister of Finance's February 2022 Budget Speech has come into effect. The purpose of the Bounce Back Support Scheme is to provide additional funding to qualifying businesses in order to grow the South African economy and to facilitate job creation. The Scheme is expected to facilitate the recovery and bounce back of businesses beyond the Covid-19 pandemic lockdowns. The Scheme will also help those businesses recovering from the July 2021 civil unrest in KwaZulu-Natal and Gauteng, as well as the current on-going flood related disaster.

In June 2020 the Covid-19 Loan Guarantee Scheme was established to help ease financial pressures experienced by qualifying businesses negatively affected by low economic activity following lockdown restrictions to reduce the spread of Covid-19. The Guarantee Scheme formed part of a package of regulatory and direct support measures which provided significant financial support and helped preserve many jobs and kept businesses afloat.

The Bounce Back Support Scheme benefits from lessons learnt from the 2020 Loan Guarantee Scheme to provide for greater take-up including by Development Finance Institutions (DFIs) and non-bank Small and Medium Enterprise (SME) finance providers. The Bounce Back Support Scheme comprises a loan guarantee mechanism of R15 billion and a smaller equity linked scheme which will be facilitated by National Treasury and DFIs. The smaller equity linked scheme will be introduced later in the year as a complementary tool of R5 billion.

Accessing the Bounce Back Support Scheme

The Bounce Back Support Scheme loans will be accessible through participating banks (banks which have opted to use the scheme for their customers). Access for DFIs and non-bank SME finance providers to the Bounce Back Support Scheme will be facilitated through participating banks, and such participating banks will still have to perform due diligence in accordance with regulatory standards. Access to the equity linked tool is expected to be introduced later this year and more details will be communicated once they are finalised.



Features

The Bounce Back Support Scheme loans are to be granted at a preferential capped rate (repo plus 6.5%). Government and lenders (participating banks, DFIs and non-bank SME finance providers) are sharing the risk of non-repayment of these loans with government taking the first 20.5% of losses.

Businesses will be required to repay the loan over a period of up to five years after any deferred interest period agreed to by the lenders. Loans can have rescheduling options at the discretion of the lenders (pay as you grow), for up to a period of ten years from the first draw down in the event of businesses being initially unable to pay any repayment due.

Eligible Businesses

Businesses with a maximum turnover of R100 million per annum will be eligible to access the Scheme. The maximum loan amount will be set at R10 million per businesses (and a minimum loan amount of R10 000). In the case of small and medium enterprises, the turnover cap is a maximum turnover of R100 million with a maximum loan amount of R10 million whilst for non-bank lenders, loans may be made for a maximum amount of R100 million per non-bank lender subject to the approval of the lender. Eligible businesses should contact their primary or main banker for further information on the Scheme and the qualifying criteria.

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