

**An impact evaluation of the NYDA Grant  
Programme for the period  
April 2014 to September 2014**

**Comprehensive report**

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### Acronyms and abbreviations

BCSVP	Business Consultancy Services Voucher Programme
BDO	Business Development Officer
BDS	Business Development Support
BGARC	Branch Grants Approval and Review Committee
BGARC	Branch Grant Approval and Review Charter
BP	Business Plan
CDF	Community Development Facilitation
CRM	Customer Relationship Management
DFI	Developmental Financial Institution
DTI	Department of Trade and Industry
EDP	Entrepreneurship Development Programme
EF	Enterprise Finance
FDD	Functional Design Document
GEM	Global Entrepreneurship Monitor
HO	Head Office
HOGAC	Head Office Grants Approval Committee
IDC	Industrial Development Corporation
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MKL	Market Linkages
MoU	Memorandum of Understanding
NYDA	National Youth Development Agency
OBA	Outcomes Based Approach
PTS	Project Tracking System
RBF	Results Based Framework
SDC	Service Delivery Channel
SEFA	Small Enterprise Finance Agency
SME	Small and Medium Enterprises
TEA	Total Early Stage Entrepreneurial Activity
VAT	Value Added Tax
YAC	Youth Advisory Centre



## Definitions

Community Profile Report	It illustrates the make-up of a community and includes information about the diversity within the community, their history, social and economic characteristics, how active people are and what social and infrastructure services are provided. It can also provide information on the available livelihood opportunities and the level of interest community members have in being actively involved in a community project and their preferred method of engagement,
Co-operative	An entity established as per the Co-operatives Act, applying for a grant from the NYDA.
Grant	Non-repayable funds. Money disbursed to a young person between R1 000 and R100 000 for the purpose of business start-up and business growth.
Grantee	A young person to whom the grant is made, between the ages of 18 and 35.
Growth Stage Business	A business that has just reached break-even point and beginning to show signs of sustainability.
Pre-start up	<p>This phase begins when the young person is exploring a business idea, until they are ready to start the business or resolve to other means of earning an income.</p> <p>An informal business (individual) that has no paid employees and generate income below the poverty line and it is considered the lowest level of micro-business</p>
Repeat grant	A business is entitled to a repeat grant on the condition that they can only access grant funding from each threshold once, with a cumulative value of R100 000,00
Special projects	These will be NYDA initiatives applied mainly to cooperatives and programmes identified through the community development facilitation process. The NYDA may opt to partner with one or more public and/or private entities to deliver such projects
Start-up business	A registered business (PTY/CC). For the purposes of the NYDA this is a business that has been in operation for less than 12 months and has not reached break-even point.
Survivalist business	A survivalist business is a business that has no paid employees, generates income below the poverty line, and is considered the lowest level of microbusiness. For the purpose of the NYDA, a survivalist business is an informal business or individual for business purposes that requires funding between R1 000,00 to R10 000,00



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## Executive summary

The purpose of the impact evaluation of the Grant Programme for the period April 2014 to September 2014 was to provide answers to various questions related to the policies, procedures and processes established for implementing the Grant/Voucher programme and if it is still applicable and to identify areas that needs to be improved.

The study set out to:

- ❖ Review the processes and procedures set out in the Grant Policy and the Grant Manual in assisting youth entrepreneurs
- ❖ Review the application of the processes and procedures in branch level
- ❖ Quantify the effectiveness of the grant programme in the businesses of grantees
- ❖ Recommend improvements to maximise the resources and the impact of the Grant programme

Five research processes were used to obtain the information to be able to answer the research questions and recommend improvements.

- ❖ A document review
- ❖ A branch visit to interview the branch manager and other staff members involved in the grant process
- ❖ A questionnaire to obtain quantitative information from the grantees
- ❖ An observational analysis of the grantee business
- ❖ A review of business processes and procedures used by grantees

The branches included were

- ❖ Bloemfontein
- ❖ Cape Town
- ❖ Durban
- ❖ East London
- ❖ Emalahleni
- ❖ Johannesburg
- ❖ Kimberley
- ❖ Nelspruit
- ❖ Polokwane
- ❖ Port Elizabeth
- ❖ Rustenburg and
- ❖ Soweto.

The branches at Secunda and Tshwane were not visited as no grants were awarded between April 2014 and September 2014.

The research population included in this study was the 455 beneficiaries of the NYDA Grants Programme during the period from April 2014 to September 2014 located over 14 branches of the NYDA. This included 274 individual youth entrepreneurs and 181 youth-owned enterprises. The 181 youth-owned enterprises included 164 businesses and 17 cooperatives through-out the country.



It was agreed that the 209 will be split in telephonic interviews and face-to-face interviews. 104 telephone interviews could be realized and 83 grantees were visited. 11 grantees cancelled their appointments at the last minute or were unavailable on our arrival of the interview.

The conclusions and recommendations are provided according to the grant and voucher process. The motivation being that it will indicate specifically what are efficient and what not and what ought to be done to optimise the system and counteract time wasting red tape.

- ❖ Staff was trying their best to implement the process but are under pressure
- ❖ The characteristics of the grantee and the business indicated the potential success of the business
- ❖ Information on the grant programme is complicated and not aligned
- ❖ Information about the grant programme was confusing and inaccurate
- ❖ Capturing information in the grant process was time-consuming and repetitive
- ❖ Information obtained during the Assessment interview did not facilitate assisting the best candidates with grants
- ❖ The Entrepreneurship Development Programme did not add the value it could
- ❖ The Grant application document was difficult to complete and resulted in losing time on the side of the applicant and the grant officer
- ❖ Obtaining a quote is important but problematic for the suppliers and the applicants
- ❖ The ITC check should have a limited impact on the grant decision
- ❖ The site visit document did not facilitate an informed decision about the sustainability of a business
- ❖ The due diligence checklist was irrelevant for most of the NYDA grantees
- ❖ The 21 days' timeline to complete a grant application was not feasible
- ❖ The Grant Memorandum was a key document but did not optimise the information already available
- ❖ The minutes of the BGARC differed significantly between branches
- ❖ The notification letter is problematic due to the postal service and the content
- ❖ The language in the Grant Agreement is not aligned with the target group and the realities of the grant process
- ❖ The Grant disbursement process is a potential reputational risk for the NYDA
- ❖ The business documents developed were too limited
- ❖ The aftercare process was critical to the success of the grant programme but it was not implemented effectively
- ❖ The voucher programme was not adding the value it should
- ❖ Other non-financial support did not meet the expectations created in the marketing material
- ❖ The NYDA alone cannot meet the needs of young people to get grants
- ❖ Communication with head office was not perceived as effective
- ❖ The demands made on the grant staff require them to be informed, educated and experienced
- ❖ Success is not celebrated



South Africa needs entrepreneurs to grow and create new job opportunities. The role of the NYDA grant programme is critical in assisting and developing young entrepreneurs. The evaluation of the grant process indicated that the programme made a positive contribution to the lives of several young people and created several job opportunities.

The grant programme is built on a sound process but it misaligned, complicated and time-consuming. By applying a few changes the programme could be more effective in optimising the branch resources to assist young entrepreneurs. It is however imperative to review the way the non-financial needs of grantees are met, to ensure that successful young entrepreneurs can grow sustainable business.



## 1. Introduction and background

In order to motivate the findings and conclusions of this report it is important to contextualise the role and purpose of NYDA.

### 1.1 The role of the National Youth Development Agency

The National Youth Development Agency (NYDA) is a South African based agency established primarily to address challenges that the nation's youth are faced with. The NYDA was established by an Act of Parliament, act no 54 of 2008 to be a single, unitary structure to address youth development issues at National, Provincial and Local government level.

The NYDA plays a lead role in ensuring that all major stakeholder's, i.e. government, private sector and civil society, prioritise youth development and contribute towards identifying and implementing lasting solutions which address youth development challenges. Furthermore, the NYDA designs and implements programmes aimed at improving lives and opportunities available to youth. These programmes could be clustered as follows:

- ❖ At an individual level (Micro level), the NYDA provides direct services to youth in the form of information provision, career guidance services, mentorship, skills development and training, entrepreneurial development and support, health awareness programmes and involvement in sport.
- ❖ At a Community level (Meso Level), the NYDA encourages young people to be catalysts for change in their communities through involvement in community development activities, social cohesion activities, national youth service programmes and dialogue.
- ❖ At a Provincial and National level (Macro Level), through its policy development, partnerships and research programmes, the NYDA facilitates the participation of youth in developing key policy inputs which shape the socio economic landscape of South Africa.

The National Youth Development Agency commenced with implementation of its Grant Programme on 1 August 2013. The first grants were disbursed within the branches located in eMalahleni, Rustenburg, Johannesburg and Durban. Since October 2013 grants were rolled out in the remaining 10 branches as well.

The Grant Programme is designed to provide young entrepreneurs an opportunity to access both the **financial and non-financial business development support** to establish survivalist businesses. The programme focuses on youth entrepreneurs who are at intentional, nascent and new stages of enterprise development. The NYDA Grant Programme model is constructed on a firm business development support ethos. Business development support is the catalyst to young people attaining knowledge and growing their survivalist business into established enterprises. The funding is advanced as a Grant.



The different grants offered are:

- ❖ Individual grant funding: This targets youth owned enterprises and groups applying for a grant between R1 000,00 to R100 000,00.
- ❖ Co-operatives grant funding: Registered cooperatives are provided with both financial and non-financial support, grants are extended to cooperatives.
- ❖ Special Projects: Special projects are not in themselves recognized as business entities in terms of South African law but highlight the methodology and approach designed by NYDA to encourage community based, collaborative development approaches. Special Projects thus are NYDA initiatives. The NYDA initiated programmes that are aimed at creating youth enterprises in different provinces of the Republic of South Africa.

To make the grant programme operational, policies, guidelines and processes were developed to guide the effective administration of the programme.

## 1.2 Purpose of the study

The purpose of the impact evaluation of the Grant Programme for the period April 2014 to September 2014 was to provide answers to various questions related to the policies, procedures and processes established for implementing the Grant/Voucher programme and if it is still applicable and to identify areas that needs to be improved.

The study set out to:

- ❖ Review the processes and procedures set out in the Grant Policy and the Grant Manual in assisting youth entrepreneurs
- ❖ Review the application of the processes and procedures in branch level
- ❖ Quantify the effectiveness of the grant programme in the businesses of grantees
- ❖ Recommend improvements to maximise the resources and the impact of the Grant programme

## 1.3 Objectives of the evaluation

The specific objectives for this project are to:

- ❖ Establish the **relevance (in terms of design and conceptualization) of the Grant programme model** in achieving the objectives of the programme and indicate the necessary and required success factors.
- ❖ Determine the **effectiveness of the approach** used (at branch level) to deliver grants to young people and to make informed decisions about its effectiveness and appropriateness.
- ❖ Establish if the staff at branch level have the same **understanding of the programme** and are delivering it as expected.
- ❖ Identify other relevant stakeholders and how the Grant programme can be **scaled up**.
- ❖ Determine the **relevance and adequacy of non-financial support** that is being provided to the entrepreneurs and establish if it is assisting grant recipients' businesses to be **sustainable**.
- ❖ Ascertain the **adequacy and efficiency of the resources** utilised in implementing the Grant programme.



- ❖ Provide full **description of the businesses** that have accessed the grant funding from the NYDA and establish the operational status of the business prior to the intervention by the NYDA.
- ❖ Establish **business progress** and its current status since NYDA intervention, that is, determine if there has been any improvement (or not) in the business since it accessed the grant.
- ❖ Identify the **gaps that are inhibiting** the youth owned enterprises from being successful and determine the causes for the gaps or lack of performance (if any)
- ❖ Outline the **possible solutions and recommendations** for improving performance of the businesses including NYDA specific or non-NYDA interventions that still needs to be accessed by the business.
- ❖ **Highlight successes** and record them as benchmarks for other businesses that will be supported in the future.

## 2. Methodology

### 2.1 Research processes

Five research processes were used to obtain the information to be able to answer the research questions and recommend improvements.

- ❖ A document review
- ❖ A branch visit to interview the branch manager and other staff members involved in the grant process
- ❖ A questionnaire to obtain quantitative information from the grantees
- ❖ An observational analysis of the grantee business
- ❖ A review of business processes and procedures used by grantees

#### 2.1.1 The document review

Documents and records relevant to the grantee process were reviewed to determine whether they are still applicable and to identify areas that needs to be improved. The documents were:

- ❖ NYDA documents
  - NYDA Grant Policy
  - NYDA Grant Manual
  - NYDA Branch Grant Approval and Review Charter (BGARC)
  - NYDA Head Office Grant Approval Charter (HOGAC)
  - NYDA Grant Process.
- ❖ The documents pertaining to the disbursement of grants
  - Minutes of the Branch Grant Approval and Review Committee
  - Minutes of the Head Office Grant Approval Committee
  - Grant agreements
  - Proof of payments/Confirmation of disbursements
  - Monthly divisional progress reports.



- ❖ Documents related to a specific grantee or co-operative
  - Grant Application Form
  - Grant Assessment Form
  - Proof of attending the EDP training programme.
  - Due diligence reports
  - Business records
  - Proof of linking young entrepreneur with mentor
  - After care visit reports.

### **2.1.2 Branch review**

An appointment was set up with the branch manager to interview him/her, obtain information about grant disbursements and review documentation related to the grant process. The interview covered:

- ❖ Grant disbursement numbers, both financial and non-financial
- ❖ An explanation of the processes and procedures used to disburse grants and provide non-financial assistance to grantees
- ❖ The aftercare process
- ❖ An evaluation of the grant disbursement and aftercare processes and procedures
- ❖ The effectiveness of the EDP training.

The research team reviewed:

- ❖ The grantee files and
- ❖ The impact the branch office staff and general management could have on the grant process.

### **2.1.3 The grantee review**

#### **2.1.3.1 Questionnaire**

The questionnaire was applied in two ways – to conduct telephone interviews with a sample of grantees and to conduct a face to face interview with the grantees that were visited.

The core questionnaire used in both situations dealt with:

- ❖ The operational state of the business when they applied for the grant
- ❖ The non-financial services they used
- ❖ What the financial grant was used for
- ❖ The aftercare visits
- ❖ The impact of the grant on their businesses
- ❖ Their experience of the grant process
- ❖ The value added by the EDP training
- ❖ Their biggest need, except money, to grow their business to the next level.

During the face to face interview the researcher would also ask the grantee to

- ❖ qualify the ratings given and
- ❖ recommend improvements to the grant process.



### **2.1.3.2 Observational analysis**

An appointment was made with the grantee to visit the business. A time and date was set. This might have enabled the business owner to address certain cosmetic aspects of the business, like dusting and tidying up, but the business could not be visited unannounced.

A checklist was developed to observe key elements of the business:

- ❖ The utilisation of the grant, e.g. equipment and products obtained
- ❖ Implementation of vouchers allocated
- ❖ The branding of the business and the products
- ❖ The appearance of the owner and the staff, specifically customer facing staff
- ❖ The tidiness of the offices and workshops or kitchens, whatever relevant.

Elements that were evident in the business were photographed.

### **2.1.3.3 A business review**

The business owners were requested to provide all the documents used. The documents included:

- ❖ Business management documents used, e.g.
  - Bank statements
  - Budget
  - Debtors and creditors
  - Order book
- ❖ Processes and procedures followed in the business
- ❖ And all other information that enabled the consultant to obtain a valid and reliable picture of the way the business was run.

### **2.1.3.4 Researcher's opinion**

A score variable, based on the quantitative responses of the grantee and observations of the researchers during the visit, was created according to which a business was rated as:

- ❖ The business does not exist anymore
- ❖ The business is at risk to fail if something serious is not done
- ❖ The business has a reasonable chance to succeed but the grantee needs to be mentored intensely
- ❖ This is a solid, developing business. With guidance and the utilisation of vouchers it will be sustainable
- ❖ It is a sustainable business with a bright future.

The score variable, was grouped into 3 categories:

- ❖ 1 = Failed or a high risk to fail (1, 2, 2.5)
- ❖ 2 = Will fail without intense interventions (3, 3.5)
- ❖ 3 = Sustainable future (4, 4.5, 5).



## **2.2 The research population**

The research population was based on the branches where grants were allocated between April 2014 and September 2014.

### **2.2.1 Branches included**

The branches included were

- ❖ Bloemfontein
- ❖ Cape Town
- ❖ Durban
- ❖ East London
- ❖ Emalahleni
- ❖ Johannesburg
- ❖ Kimberley
- ❖ Nelspruit
- ❖ Polokwane
- ❖ Port Elizabeth
- ❖ Rustenburg and
- ❖ Soweto.

The branches at Secunda and Tshwane were not visited as no grants were awarded between April 2014 and September 2014.

## **2.3 The grantee population**

The research population included in this study was the 455 beneficiaries of the NYDA Grants Programme during the period from April 2014 to September 2014 located over 14 branches of the NYDA. This included 274 individual youth entrepreneurs and 181 youth-owned enterprises. The 181 youth-owned enterprises included 164 businesses and 17 cooperatives through-out the country.

The RFQ indicated that an acceptable sample of 209 grantees spread over the 14 branches should be included in the study. Two branches, Tshwane and Secunda did not award any grants in this period and was thus excluded.

It was agreed that the 209 will be split in telephonic interviews and face-to-face interviews. 104 telephone interviews could be realized and visits to 94 grantees were planned. 11 grantees did however cancelled their appointments at the last minute or were unavailable on our arrival of the interview

The final sample thus was:



**Table 1**  
**The sample of grantees**

Branch office	Telephonic interviews	Face-to-face
Bloemfontein	9	7
Cape Town	7	6
Durban	6	8
East London	14	10
Emalahleni	8	6
Johannesburg	4	8
Kimberley	10	8
Nelspruit	9	12
Polokwane	21	12
Port Elizabeth	9	9
Rustenburg	6	6
Soweto	1	2
<b>TOTAL</b>	<b>104</b>	<b>94</b>

### 2.3.1 The characteristics of the grantees

The sample realised is reflected in Table 2.

**Table 2**  
**The research sample**

Group	N	%
<b>Branch</b>		
Bloemfontein	16	8,1
Cape Town	13	6,6
Durban	14	7,1
East London	24	12,1
Emalahleni	14	7,1
Johannesburg	12	6,1
Kimberley	18	9,1
Nelspruit	21	10,6
Polokwane	33	16,7
Port Elizabeth	18	9,1
Rustenburg	12	6,1
Soweto	3	1,5
<b>Gender</b>		
Male	116	58,6
Female	77	38,9
Male and female	9	2,5
<b>Age</b>		
18 - 21	5	2,5
22 - 25	17	8,6
25 - 30	78	39,4
31 - 35	88	44,4



Group	N	%
<b>Threshold</b>		
R1 000 to R10 000 (Survivalist)	99	50,0
R10 001 to R50 000 (Start-up)	95	48,5
R50 001 to R100 000 (Growth businesses)	2	1,0
<b>Business sector</b>		
Manufacturing	26	13,1
Agriculture, forestry and fishing	10	5,1
Tourism/Tours/Accommodation	3	1,5
Retail	29	14,6
Personal services	23	11,6
Construction	6	3,0
Business services	49	24,7
Motor trade and repair of vehicles, etc.	10	5,1
Food and beverage service activities, catering etc.	6	3,0
Entertainment	9	4,5
Media	6	3,0
<b>Type of business</b>		
Cooperative	7	3,5
Registered business	149	75,3
Unregistered	19	9,6
Single person	16	8,1
<b>TOTAL RESPONDENTS</b>	<b>198</b>	<b>100%</b>

### 3. Ethics and limitations

#### 3.1 Ethics

##### 3.1.1 Confidentiality of views

The respondents, both grantees and the management of the branches were asked to comment on various aspects of the grant process. To enable them to give their honest views confidentiality was ensured. Therefore the views of the grantees and the branch personnel were not given in the grantee or branch report, but in the comprehensive report only.

#### 3.2 Limitations

##### 3.2.1 Availability of grantees

The evaluation of beneficiaries was limited by

- ❖ The availability of grantees because they changed their telephone numbers since 2014 and seeing that many did not have a contractual obligation anymore with the branch to inform them of changed contact detail, the branch did not have the new numbers
- ❖ It can be assumed that some businesses that could not be traced closed down since September 2014
- ❖ Most members of the four co-operatives were no longer part of the organisation.



It is the evaluators' view that the unavailability of some grantees did not jeopardise the validity of the conclusions drawn. The sample realised in sufficient to draw valid and reliable conclusions.

### **3.2.2 Branches included**

Only 12 branches were visited as no grants were awarded during April 2014 and September 2014 at the Tshwane and Secunda branches.

### **3.2.3 Availability of business documents used by grantees**

Grantees did in many situations not have the required documentation available and some did not have it anymore – seeing that it is nearly two years since the grant was awarded. They either did not keep copies of the documents where the interview was conducted or they did not have the documents any more.

It is the evaluators' view that the unavailability of documents did not jeopardise the validity of the conclusions drawn. The interview provided sufficient information with regard to the sustainability of the business and the impact of the processes and procedures.

### **3.2.4 The increased success in business sectors**

It was not possible to determine the increased success of grantees in the different business sectors as a similar analysis was not done in the previous cycle. The potential survival of the businesses in the different sectors will however be discussed.

### **3.2.5 The total turnover levels**

It was not possible to determine the turnover levels as the grantees did not have the necessary process in place to provide information in this regard.

## **4. Findings**

### **4.1 Document review**

The purpose of this section of the report is to address 3.3.1 in the Consultant Contract: *"To determine whether the policies, procedures and processes established for implementing the Grant/Voucher programme are still applicable and to identify areas that needed to be improved"*

Where relevant 3.3.2 in the Consultant Contract: *Assist in the redesign of assessment and aftercare templates and forms as per recommendations from the previous section. (3.3.1)*

Due to the nature of the documents and the reviews, the results of the review are presented in tabular form in the case of two documents, the Grant Policy and the NYDA Grant Manual. The recommendation with regard to a specific aspect is provided immediately.



#### **4.1.1 NYDA Grant Policy**

The document provided for review was issued on 25 November 2014. The policy was reviewed in detail and is included as Appendix 1.

##### **4.1.1.1 Conclusions and recommendations**

It was concluded that the policies, procedures as outlined in the Grant Policy are applicable, several areas of improvement were identified. As this document must be the foundation of all other documents, it is recommended that it be reviewed and the recommendations considered.

- ❖ The policies, procedures and processes established for implementing the grant programme need to be clarified, as identified in the document.
- ❖ There are gaps in the Grant Policy document that need to be addressed, e.g. the policy regarding the allocation of vouchers, referrals and the allocation and monitoring of the mentorship programme
- ❖ It is also recommended that the Grant Policy document be edited to improve clarity and address grammatical errors.
- ❖ The lay-out ought to be made more user-friendly and done according to best practices.

Thus, there are several areas that need to be reviewed and clarified to ensure optimal utilisation of the NYDA grants.

#### **4.1.2 NYDA Grant Programme Manual**

Only elements that have not already been addressed in the Grant Policy document, will be addressed again. It is recommended that all the documents ought to be aligned and a consistent style and terminology be used.

The NYDA Grant Manual is discussed in tabular form. The numbers, headings and statements used in the document are used and the observation and recommendation are provided in the same line. Comments are highlighted in yellow and recommended changes are in “track changes”. The detail evaluation of the Grant Manual is attached as Appendix 2.

##### **4.1.2.1 Conclusions and recommendations**

The NYDA Grant Manual is critical to the success of the grant programme. It was concluded that the policies, procedures as outlined in the Grant Manual are applicable, several areas of improvement were identified and several inconsistencies were identified and the document is not effectively aligned with the Grant Policy.

It is recommended that the recommendations made with regard to the NYDA Grant Manual be considered as it would make the document more user-friendly and facilitate the growth of sustainable businesses and optimising the limited time of the staff at branch offices.



#### **4.1.3 NYDA Branch Grant Approval and Review Charter (BGARC)**

It is important to note that there are two meanings for the abbreviation BGARC. It is for the Branch Grant Approval and Review **Charter** and the Branch Grant Approval and Review **Committee**. It is recommended that abbreviations should be exclusive.

The Charter stipulates the functioning of the Branch Grant Approval and Review Committee clearly. No recommendations are needed.

#### **4.1.4 NYDA Head Office Grant Approval Charter (HOGAC)**

As was the situation with the abbreviation BGARC, the abbreviation HOGAC also had two meanings Head Office Grant Approval **Charter** as well as Head Office Grant Approval **Committee**. It is recommended that abbreviations should be exclusive.

1.7 States that *"The BGARC is a sub-committee of HOGAC"* yet in 3.2.1 it is stated that *"HOGAC is not authorised to form sub-committees"*. It is recommended that this discrepancy be clarified.

The Charter otherwise stipulates the functioning of the Head Office Grant Approval and Review Committee clearly. No other recommendations are needed.

#### **4.1.5 NYDA Grant Process**

The Excel spreadsheets listing the Grant Process for both Rural Development and Walk-ins are clear and concise.

It is however recommended that the difference between identifying rural candidates and walk-ins ought to be indicated in the first section and then the same process ought to be used. It is also recommended that this process and the process explained in the Grant Operational Manual and the Grant Policy should be identical. The headings Enquiry/Intake, Assessment, Grant application, Approval, Contracting, Disbursement and Aftercare/Support (Monitoring and Evaluation) ought to be used to enhance consistency. Care ought to be taken that the same titles be used for different roles in the process. The Branch Functions provided in the Grant Manual ought to be used as a basis. The forms to be completed ought to be stipulated. If this process is depicted in a flow diagram and posted in all branch offices, it would facilitate consistency of implementation and understanding of the process for grantees.

It is recommended that this document and the recommended detail be incorporated in the Grant Manual. See the recommended Grant Manual attached as Appendix 2.



#### **4.1.6 Evaluation of documents pertaining to the disbursements of grants**

In order for the Grant Programme to be operational; policies, guidelines and processes have been developed to guide the effective administration of the programme. The following forms were evaluated in relation to the grants process:

- ❖ Grant Pre-Assessment form
- ❖ Grant Application form
- ❖ Site Inspection Report
- ❖ Due Diligence Report
- ❖ The Grant Memorandum
- ❖ Minutes of the Branch Grant Approval and Review Committee
- ❖ Minutes of the Head Office Grant Approval and Review Committee
- ❖ Notification letter
- ❖ The grant agreement
- ❖ Proof of payments/Confirmation of disbursements
- ❖ Project file sign-off
- ❖ Business records
- ❖ Aftercare visit report
- ❖ Mentor/Mentee Engagement form
- ❖ Grants and Voucher programme referral form

##### **4.1.6.1 Grant pre-assessment form**

The lay-out of the form does not meet the basic principles of form lay-out and design. It is recommended that it be reviewed. Scoring the client is an excellent Idea and should be maintained.

The recommended Client pre-assessment form is attached as Appendix 3.

##### **4.1.6.2 Grant Application form**

An improved lay-out and design of the form will facilitate the capture of accurate information. It is recommended that the content of the form be changed to include information not obtained during the Pre-assessment process.

The recommended Grant Application form is attached as Appendix 3.

##### **4.1.6.3 Site inspection report**

The purpose of this form is to determine the probability of the business to succeed based on its location and the client applying for a grant. It is recommended that the pre-assessment form and the Grant Application be used together with this form and that this be used as basis for the Grant Memorandum. The form be redesigned to meet industry standards for document design and lay-out

The recommended Site inspection report form is attached as Appendix 3.



#### 4.1.6.4 Due diligence report

“The theory behind due diligence holds that performing this type of investigation contributes significantly to informed decision making by enhancing the amount and quality of information available to decision makers and by ensuring that this information is systematically used to deliberate in a reflexive manner on the decision at hand and all its costs, benefits, and risks.” Chapman, C.E. 2006. *Conducting Due Diligence*. Practising Law Institute, New York, NY. The due diligence report ought to be used in this regard.

It is therefore recommended that more information about the client ought to be provided, e.g. the name and nature of the business and the grant amount as well as the name of the grant officer that did the assessment. It is also recommended that the report should be more evaluative and not a “tick-the-box” exercise only. The grant officer ought to check and to provide a comment on aspects reviewed.

It is recommended that the use of a due diligence assessment for applications on Threshold 1 and even 2 be reconsidered.

The recommended Due diligence report is attached as Appendix 3.

#### 4.1.7 The Grant Memorandum

The Grant Memorandum is a summary of all the information gathered and assessments made with regard to the application. It is recommended that:

- ❖ All the information gathered up to this point be used as the basis for this document. The information ought to be on the system and just downloaded to create this document
- ❖ The content of this memorandum be loaded on the system in such a way that part of that could be downloaded into other reports as and when required
- ❖ The Grant Memorandum be redesigned to be more integrated and user-friendly.

The recommended Grant Memorandum is attached as Appendix 3.

#### 4.1.8 Minutes of the Branch Grant Approval and Review Committee

There were significant discrepancies between the details provided in the minutes of the BGARCs of the different branches. It is recommended that a template is provided to ensure that all branches document the same detail. The following could be considered:

- ❖ The name and nature of the business
- ❖ The nature of the business and why the grant officer felt that it warrants a grant
- ❖ The business owner and why the grant officer felt that this person has the potential to build a sustainable business
- ❖ The grant amount, for what it will be used and how it will impact on the business.

The decision of the BGARC, specific requirements and the amount should be indicated in a separate paragraph labelled **Decision** or **Recommendation**.

The recommended format for the BGARC is attached as Appendix 3.



#### **4.1.9 Minutes of the Head Office Grant Approval and Review Committee**

It is recommended that the Head Office Grant Approval and Review Committee use the same format as the Branch Grant Approval and Review Committee. As it was documented, it was not possible to determine what the nature of the business was and why it was not approved when it was submitted previously.

The resolution was well documented; however it ought to indicate timelines to facilitate implementation.

The recommended format for the HGARC is attached as Appendix 3.

#### **4.1.10 Notification letter**

The Notification letter ought to be just that – to notify the applicant that the grant was approved and what the next steps are. The current letter also include contractual aspect, which should not be part of a Notification Letter.

The recommended Notification letter is attached as Appendix 3.

#### **4.1.11 The grant agreement**

The grant agreement is a legal document written by lawyers. The understandability of the document to most of the grantees is questioned. It is recommended that the content of the document be reviewed and changed to Easy English, without sacrificing the legality of the document. Specific aspects that ought to be considered are:

- ❖ 2.1 – the money is not advanced to the grantee but to a supplier to provide equipment to that amount – change the statement
- ❖ 2.3 – the grantee does not get the funds, this statement thus have to be changed
- ❖ 3.1.1 – it is recommended that this statement be more specific on what was to be acquired by the grant
- ❖ 3.3 – it is recommended that the list of documents that ought to be provided during the aftercare visit be listed
- ❖ Breach of contract – the statements are extremely vague and in legal terms, it is recommended that it be stated in Easy English and in a way that the grantee understands what is breach of contract and what are the consequences
- ❖ 8.3 and 8.4 – the credit check was done earlier in the process and these two statements are thus not relevant
- ❖ Nowhere in the Grant Agreement could any indication be found of the two year commitment of the NYDA to the grantee, it is recommended that it be included in the agreement.
- ❖ It is also recommended that the consequence of not utilising the products and services obtained through the grant, be stated clearly.

It is recommended that the recommendations be referred to the NYDA Legal Department for review.



#### **4.1.12 Proof of payments/Confirmation of disbursements**

The documents were clear and, like the grant agreement, written in legalese. It is recommended that the letter requesting the disbursement be reviewed and rewritten by a lawyer in Easy English, without impacting on the legality of the document. Reference is made to the quotation, but it is recommended that the products, stock, equipment that will be bought with the grant, be listed.

It is recommended that the recommendations be referred to the NYDA Legal Department for review.

#### **4.1.13 Project file sign-off**

The project file sign-off did not cover all the documents of the process. It is recommended that it be redesigned to be aligned with the look and feel of the other documents and to cover all the documents created and provided during the grant application, approval, disbursement and aftercare process.

The recommended Grant file sign-off form is attached as Appendix 3.

#### **4.1.14 Business records**

The NYDA developed a cash flow record for a grantee's business, but it is questionable to what extent these records are put to use. Not one of the grantees visited actually could recall these documents and were not using it to monitor their business' success. It is recommended that a simplified set of business records, covering the whole business process, on the level of the grantee and aligned with the Threshold of the grant be developed and used during the EDP training. These documents ought to be a core element in the aftercare visits to monitor the impact of the grant and the sustainability of the business. If these documents are used during the EDP training and the aftercare visits, the grantee will see how they are applied and will be able to use it to sustain and grow the business.

#### **4.1.15 Aftercare visit report**

The following recommendations are made with regard to the Aftercare Visit Report:

- ❖ The 10 day post disbursement visit should be called that, and not an aftercare visit
- ❖ The purpose of the visit should be reflected in the content of the report. The purpose of the 10 day post-disbursement visit is to determine the products, stock, equipment, etc. that had to be delivered, were delivered and if the grantee is finding his/her feet in the business with the benefits from the grant. Providing advice to the grantee and ensuring that the business processes are in place are also critical elements of after care
- ❖ The 10-day Aftercare Visit Report should not include the Sales, Stock Purchases and expenses as indicated. The business just received the benefit of the grant and this information would only be available at least a month after the grant funding was activated.



- ❖ The Grant Administrator ought to prepare the relevant aftercare report form for the Grant Officer before the visit. The detail of the grant ought to be printed on the report form to be completed by the Grant Officer. A detailed list of the items the grant was for should also be printed in the report, with a column to indicate if the grantee received the items as well as if it was installed and/or used.
- ❖ Information regarding sales, orders, profitability, etc. should be included in the quarterly aftercare visits
- ❖ The problems/challenges should be listed in a table and mitigating actions as well as the dates by when it must be actioned ought to be listed in the same line in two different columns
- ❖ Currently the grant officer will complete the document in writing, however it is recommended that an online system be developed where tablets could be used to capture the information in real time and submit immediately
- ❖ It is also recommended that the four of the seven aftercare visits are done telephonically and three, plus the 10 day post-disbursement visit be done in person
- ❖ When the grant officer visits the grantee again, previous reports should be printed out and used as a discussion document and to determine progress since the previous meeting
- ❖ The last report ought to be called the Close-out report.

The recommended 10 Day disbursement visit, the Aftercare visit and the Close-out report is attached as Appendix 3.

#### **4.1.16 Mentor/Mentee Engagement form**

The mentor/Mentee Engagement form is very generic. It is recommended that a section be added where the grantee and the mentor agree on the nature of the mentoring process with regard to frequency, preparing for the session and where and how the mentoring will be done. If an entrepreneur was provided with a mentor, the person conducting the Aftercare visit should enquire about it.

The recommended Mentor/Mentee Engagement form is attached as Appendix 3.

#### **4.1.17 Grants and Voucher programme referral form**

This form ought to be contextualised. It is not clear why and how it will be used to refer young people. It is recommended that the form be changed to get the signature of the grantee. This form could be used for internal documentation of the grant process.

The recommended Grant and Voucher programme referral form is attached as Appendix 3.

### **4.2 Analysis of the effectiveness of the Grant Programme**

In order to form an opinion on the efficiency and effectiveness of the resources applied in implementing the NYDA Grant programme 12 branches and 198 grantees were surveyed.



### 4.2.1 Branch review

The detail Branch reports is attached as Appendix 4.

Based on the evaluation of the branches it was concluded that:

- ❖ The branch data was inconsistent and difficult to retrieve
- ❖ The core documents were relevant to the grant process but repetitive and time consuming
- ❖ The information gathering process to complete the application and to verify the success potential of the business by the grant was time consuming for both the applicant and the grant officer due to the forms that had to be used and the lack of an online process
- ❖ Branch offices were under-resourced and could thus not deliver on all the elements of the grant process
- ❖ The filing of grant documents differed between branches
- ❖ The non-financial needs of the grantees could not be met due to a lack of resources, both financial and human
- ❖ The KPIs of branches and grant officers must be aligned with growing businesses and not to allocating grants only
- ❖ The EDP training process did not contribute as much to the success of the grantee businesses as it ought to
- ❖ The restructuring process had taken place but there was no formal Change Management process thus many people were still acting as if nothing changed
- ❖ There is a need for a system where everything is online and grantees can apply on line and submit their documents online.

Based on the conclusions drawn it is recommended that the following be considered:

- ❖ It is imperative that the systems be up-dated and integrated
- ❖ Align the core documents to reduce red tape and the repetitiveness of the documents
- ❖ Review and redesign the different forms
- ❖ Review the roles and responsibilities of branch personnel
- ❖ Train and induct branch personnel in their new positions
- ❖ Use best practices in the different branches to standardise documentation processes
- ❖ Review the KPIs of branches and grant officers to ensure that everything is not focused on allocating grants, but growing successful businesses
- ❖ Address the need of branches to be able to provide incentivised mentors and market linkages to the grantees
- ❖ Review the EDP training and its process, up-date the content, ensure that it is on the level of the target group and addresses the realities of the small business environment
- ❖ Ensure that there are consequences when grantees did not optimise the grant
- ❖ Celebrate success – grantees that grew the most successful businesses
- ❖ Create an online application and review form to increase the efficiency of the branches.



## 4.2.2 The analysis of the grantees

A quantitative and qualitative questionnaire was used to obtain information about and from the grantees.

The detail Grantee reports is attached as Appendix 5.

### 4.2.2.1 The profile of grantees

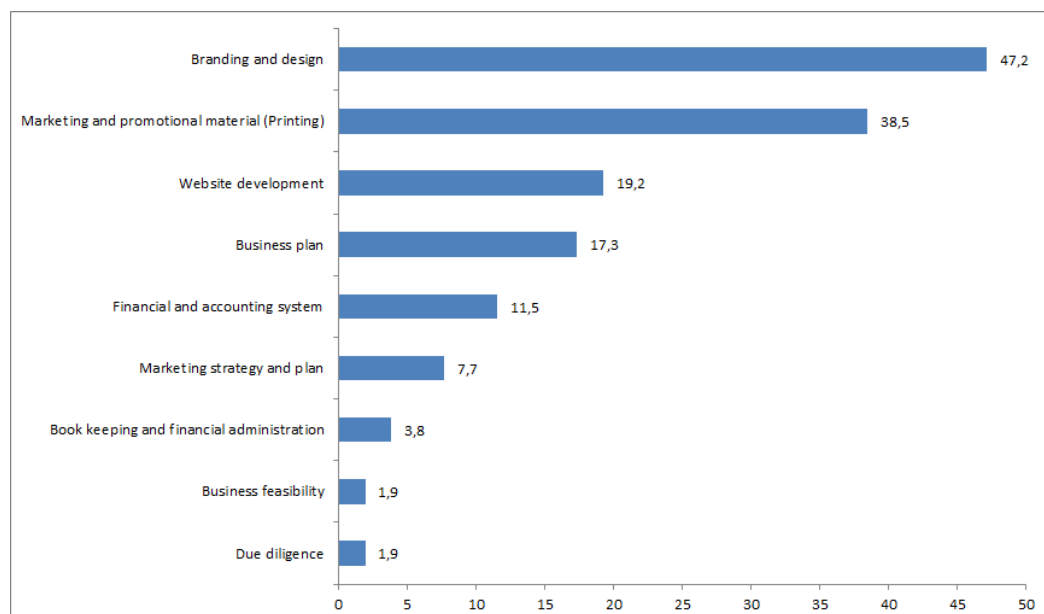
The quantitative results indicated that most of the grantees

- ❖ Needed money to grow their businesses
- ❖ Got a grant of less than R10 000,00 to grow their businesses
- ❖ Provided business services or were in manufacturing
- ❖ Got and activated vouchers
- ❖ Attended the EDP training
- ❖ Used the grant to obtain machinery and stock to manufacture products to be sold
- ❖ If they were males, used the grant more on machinery and females on stock to manufacture products to sell
- ❖ If they were males and females in the same business; the grant was mostly used for working capital and stock to sell.

### 4.2.2.2 The impact of the Voucher programme

The Voucher programme was, together with the EDP training, the most effective additional elements of the grant programme.

**Diagram 1**  
**Vouchers allocated**





A total of 294 vouchers were awarded to the 198 grantees that participated in the study. The most used vouchers were

- ❖ Branding and design
- ❖ Marketing and promotional material
- ❖ Website development
- ❖ Business plan development.

Three vouchers were not allocated at all

- ❖ Payroll systems
- ❖ Operations and procedures manual
- ❖ Tendering.

An analysis of the Vouchers Issued by the Business Development Administrator dataset indicated that 513 vouchers were submitted for payment but that 194 vouchers expired without being used and 264 were cancelled without being used.

The following questions arose regarding the vouchers allocated:

- ❖ It was not clear what the purpose of the Due Diligence voucher would be as the branch would conduct the due diligence for the applicant
- ❖ Why was the Bookkeeping and Financial Administration voucher not used more as there seemed to be a dire need for assistance in that regard.

In some cases vouchers were not activated. The reasons for non-activation were:

- ❖ The grantees did not follow-up on the supplier to determine the progress made
- ❖ The service providers did not deliver on the voucher due to non-payment of previous vouchers.

The biggest concerns with regard to the Voucher programme were:

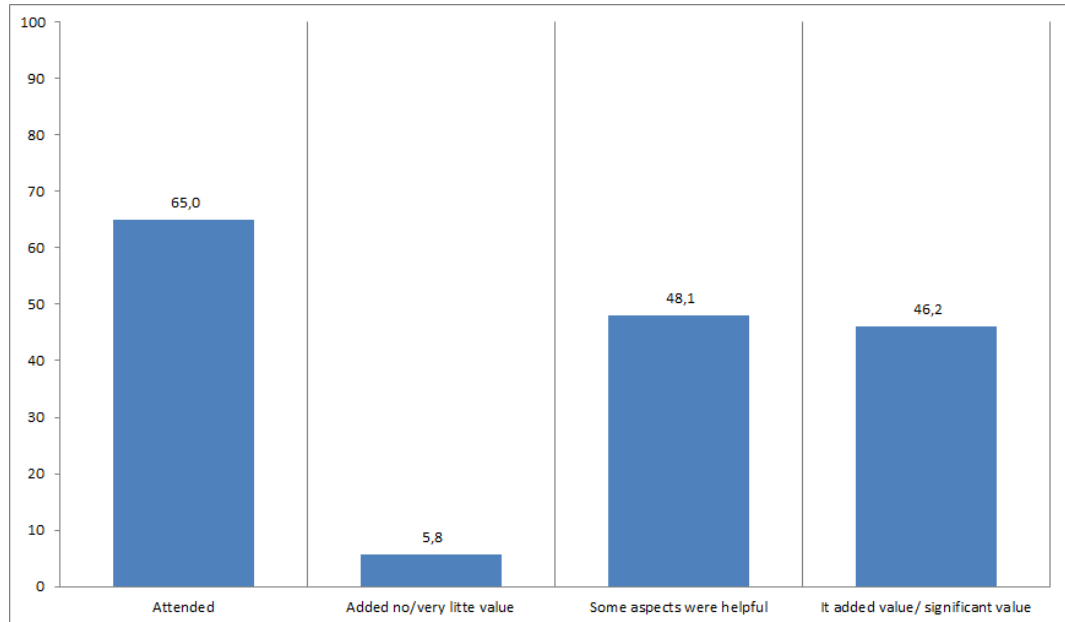
- ❖ Suppliers will deliver branding and business plans without involving the grantees at any stage
- ❖ The grantee will be provided with the brand elements, but it will not be used because they did not have the funds to produce the brand elements
- ❖ The grantees got the benefit from vouchers like Bookkeeping and Financial administration, a Marketing Strategy and plan or a Financial and Accounting system but no training to implement and utilise the product.

#### **4.2.2.3 The Entrepreneurship Development Programme (EDP)**

Attendance of the EDP training is a requirement to apply for a grant. Most grantees did attend the EDP training and felt it added value to their businesses.



**Diagram 2**  
**Entrepreneurship Development Programme attendance**



The groups that were the most convinced that it added significant value to their businesses were:

- ❖ Male or male and female businesses
- ❖ 21 and younger
- ❖ From Johannesburg, Soweto and Port Elizabeth
- ❖ Cooperatives and registered businesses
- ❖ Grantees that were on the Start-up phase and received between R10 001,00 and R50 000,00.

The value added by the EDP training cannot be disputed; however there were concerns about the programme:

- ❖ It was not interactive enough
- ❖ The trainers did not understand the realities of the NYDA customers
- ❖ The delegates did not get sufficient practice in the different elements that they need to implement afterwards
- ❖ The programme needed to be updated
- ❖ The programme ought to be aligned with the realities of the NYDA customers and the different Thresholds
- ❖ There ought to be an online test to determine which elements of the programmes need to be attended, and if at all
- ❖ It is too intense for a person with no business background.

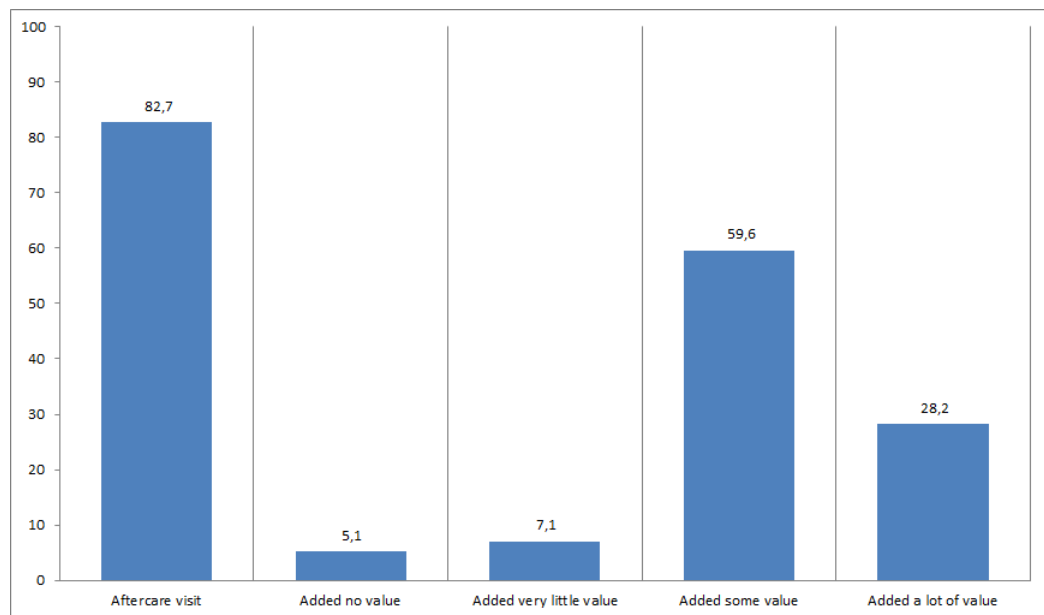


#### 4.2.2.4 Non-financial benefits

The quantitative results supported the qualitative results that very few referrals, market linkages, business registrations and mentorships were provided to the group that participated in the study.

#### 4.2.2.5 The impact of the aftercare visits

**Diagram 3**  
**The impact of aftercare visits**



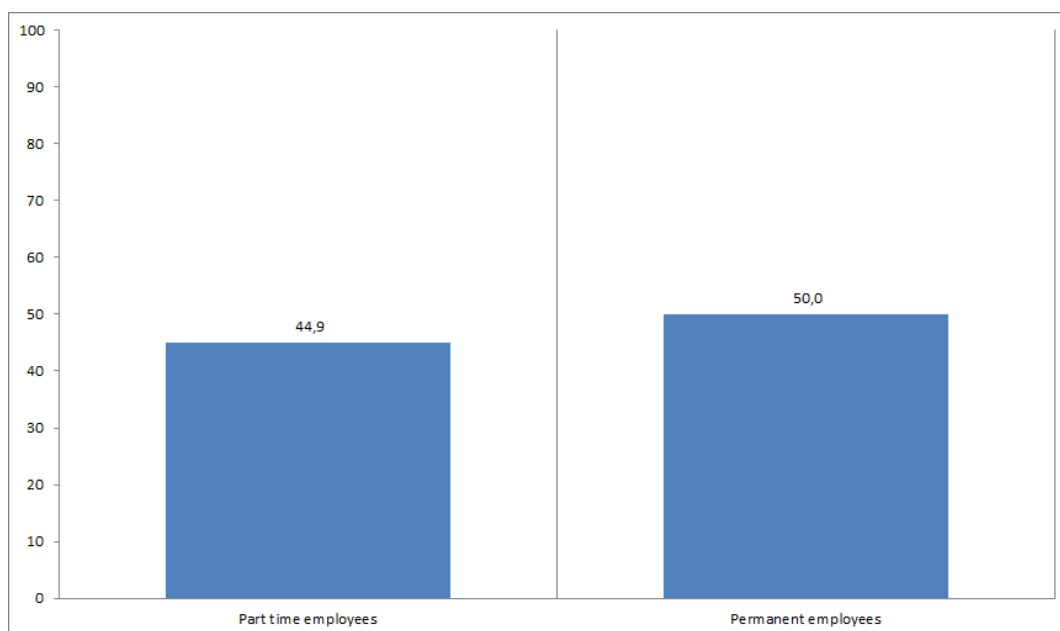
There can be no doubt that the aftercare visits added value to the businesses of the grantees.

- ❖ Females rated the value added by the aftercare visits higher than the male grantees
- ❖ Businesses where there were male and female partners, rated the value the lowest
- ❖ Grantees 21 and younger rated the value the highest and grantees between 22 and 24 rated it the lowest, as did cooperatives and grantees that got more than R50 000,00.



#### 4.2.2.6 Job creation as a result of the grant programme

**Diagram 4**  
**Job creation as a result of the grant**



About 50% of the business surveyed created either a part time or a permanent job. Thus as a result of the grants a total of 121 part time and 179 permanent jobs were created, all the industries benefitted from the jobs created, but some benefitted more.

The most part time jobs were created in:

- ❖ Construction
- ❖ Home services
- ❖ Entertainment.

The most permanent employment was created in:

- ❖ Motor trade and motor repairs
- ❖ Home services
- ❖ Manufacturing.

The least jobs were created in:

- ❖ Tourism and accommodation and
- ❖ Media.

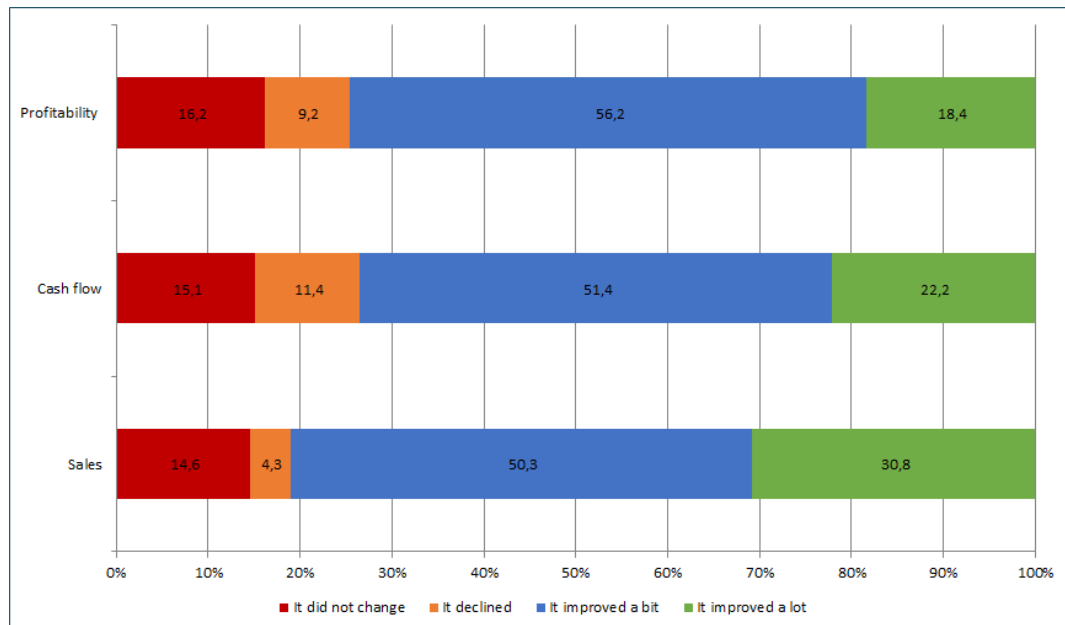
It is a cause for concern that despite the number of jobs created, there were no formal agreements with the incumbents regarding their wages/salaries and other basic conditions of employment.



#### 4.2.2.7 Business improvement as a result of the grant

The grantees were asked to indicate the impact the grant had on their sales, their cash flow and their profitability. In most cases there was a positive correlation between the grant and these business indicators.

**Diagram 5**  
**The impact of the grant on grantee's businesses**



The grantees that indicated they benefited a lot from the grant on all three factors tested, had registered business that were typically:

- ❖ Female owned
- ❖ Between 31 – 35 years old
- ❖ From Soweto and East London.

#### 4.2.3 Analysing the success potential of a grantee business

A score variable, based on the quantitative responses of the grantee and observations of the researchers during the visit, was created according to which a business was rated as:

- ❖ The business does not exist anymore
- ❖ The business is at risk to fail if something serious is not done
- ❖ The business has a reasonable chance to succeed but the grantee needs to be mentored intensely
- ❖ This is a solid, developing business. With guidance and the utilisation of vouchers it will be sustainable
- ❖ It is a sustainable business with a bright future.

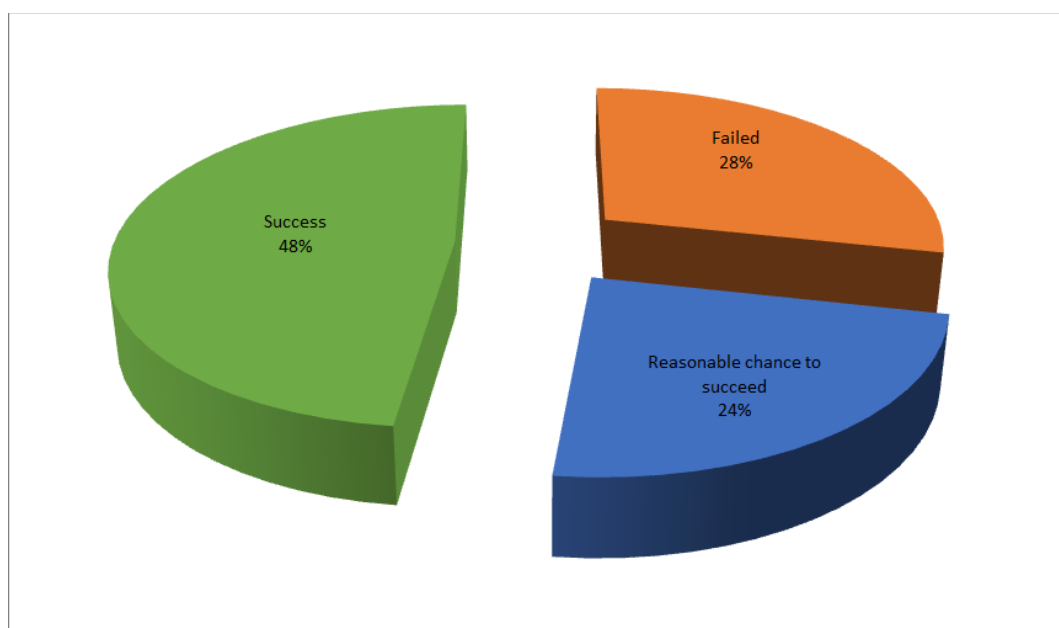


The score variable was grouped into 3 categories:

- ❖ 1 = Failed or a high risk to fail (1, 2, 2.5)
- ❖ 2 = Will fail without intense interventions (3, 3.5)
- ❖ 3 = Sustainable future (4, 4.5, 5).

Based on the recoded data, the following trends were identified:

**Diagram 6**  
**The sustainability of the businesses visited**



The results indicated that 48.1% of the businesses visited were perceived to be sustainable and have a bright future. However 24% had a reasonable chance to survive if they were attended to and 28% was regarded as failed businesses.

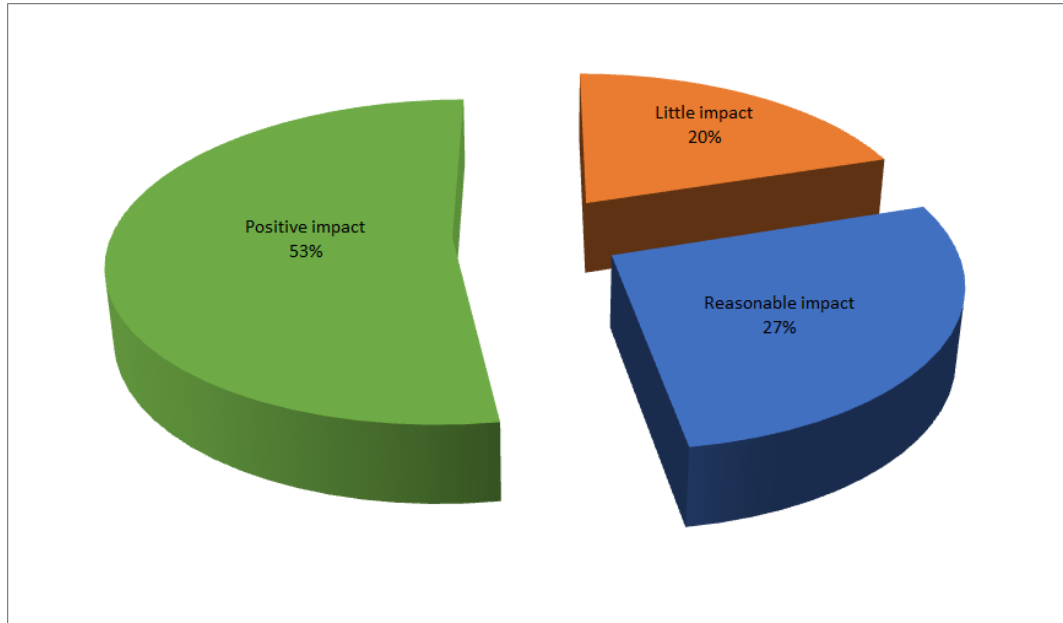
The following trends were identified regarding the sustainability of the grantee businesses:

- ❖ Female businesses were perceived to be more sustainable than male owned businesses
- ❖ Businesses where males and females were involved were rated as the least sustainable
- ❖ Grantees older than 31 had the most sustainable businesses and those younger than 21 the least
- ❖ Cooperatives were rated mostly as failed businesses
- ❖ Businesses on the Threshold 2 were the most sustainable and those on Threshold 3 were the least sustainable.



#### 4.2.4 The causal relationship between the success of the business and the grant

**Diagram 7**  
The causal relationship between the success of the business and the grant



The results indicated a strong causal relationship between the success of businesses and the NYDA grant. This relationship was the strongest amongst:

- ❖ Female owned businesses
- ❖ Where the grantees were older than 31
- ❖ The business was registered
- ❖ The grant amount was between R10 001,00 and R50 000,00.

#### 4.2.5 Factors indicating potential to grow a sustainable business

In order to determine which of a set of possible factors can be used to predict business success, the data was subjected to a next level of analysis using Question 20 *Is the business ready to go to the next stage of growth?* as constant. This question was cross tabulated with the sustainability index. This detail analysis of the results confirmed what the ordinary cross tabulations indicated.

It can thus be concluded that businesses that are ready to go to the next growth stage will have the following characteristics:

- ❖ The owners are between 31 – 35
- ❖ Registered and needed money to grow
- ❖ Providing business services
- ❖ Will have had a positive experience of aftercare
- ❖ At the start-up threshold and got a grant of R10 001,00 to R50 000,00
- ❖ A creator of permanent employment.



Furthermore

- ❖ The sales of the business would have benefited a lot from the grant
- ❖ The business owner would be able to provide bank statements
- ❖ The appearance of the owner and the staff would be professional
- ❖ The business would be clean and tidy.

The following factors were not identified as predictors of readiness to go to the next stage of growth:

- ❖ Whether you are male or female – as long as it is not both in the same business because that is bound to fail
- ❖ Attendance of the EDP training
- ❖ The use of vouchers
- ❖ What the grant is used for.

#### **4.2.5.1 Conclusions**

Based on the qualitative information gathered it was concluded that:

- ❖ The non-financial needs of the grantees were not met
- ❖ The EDP training limited the success of the grant programme
- ❖ Financial processes and business plans were imperative for the success of entrepreneurial businesses
- ❖ There were no consequences if grantees did not optimise the grant they received
- ❖ Obtaining quotes were a challenge – grantees did not know how to obtain quotes, obtained from questionable suppliers and the verification of suppliers and quotes added to the workload of the under-staffed branch offices
- ❖ There were no consequences for the grantee if the equipment was lost, stolen or not put to good work
- ❖ The fact that no mentors were provided had detrimental effect on the success of grantees
- ❖ The voucher programme was not optimised – too few vouchers were allocated and too many were not activated
- ❖ Cooperatives struggled to survive due to lack of mentorship, capacity, resources and business understanding
- ❖ There is a need for a grantee business network
- ❖ Some grantees optimised the benefits of the grant and grew sustainable businesses
- ❖ Most grantees were positive about the employees that assisted them in the grant process
- ❖ The success of the grantees that grew a sustainable business needs to be celebrated.



#### **4.2.5.2 Grantee suggestions to improve the implementation of the grant programme**

The grantees felt that the following factors would make a significant difference to the grant programme:

- ❖ Visit the grantees regularly and advise them on improvements they could make to their businesses
- ❖ Tell young people during the EDP training what it really means to run a business, how hard you must work, how dedicated you must be and that the money you earn is not all yours
- ❖ Verify the quality of the equipment the suppliers supplied to the grantees – because they assume the grantees are naïve they supply below standard products
- ❖ The red tape and the repetitiveness of the forms that must be completed took too much time
- ❖ Present follow-up training for entrepreneurs – you only realise what you did not know when you are in your business
- ❖ Work with chambers of commerce to establish market linkages
- ❖ List successful grantees on the vendor lists of government departments and parastatals
- ❖ Maintain communication with grantees and inform them about new processes, motivate them and give them tips to grow their businesses
- ❖ Inform grantees about the compliance requirements of the different sectors
- ❖ Spend more time on ensuring that grantees understand financial management
- ❖ Find creative ways to assist illiterate people to start a business
- ❖ Create awareness amongst grantees about the importance of joining business networks and assist them to find organisations that would be best for them
- ❖ Set offices of the NYDA in townships to be closer to the people and to market it amongst these people
- ❖ Present the EDP over a longer period of time and according to the specific needs of the person
- ❖ Allow successful entrepreneurs to apply for the next Threshold grant sooner. This could be a reward for successful entrepreneurs
- ❖ Do not stop at EDP training. Join forces with training companies to provide skills training in areas such as internet cafes, personal services and even gardening services, etc.
- ❖ Do more things online and electronic, e.g. the grant application form and the bank statements
- ❖ Review the documents that were required, some of these were not relevant to small businesses.

#### **4.2.5.3 Recommendations**

Based on the conclusions drawn, it is recommended that the following need to be considered:

- ❖ Increase the capacity of staff to assist the grantees in growing their businesses
- ❖ Address the non-financial needs of grantees by activating the mentor programme, improving the voucher process and establishing market linkages for grantees
- ❖ Review the EDP training, the content, the presentation and the practical work the attendees did during the training programme



- ❖ The EDP training and the guidance provided by the grant officer need to develop well-rounded business people that will be able to survive the harsh business world
- ❖ Review the way quotes need to be obtained - ensure that quotes are obtained from legitimate suppliers, that quotes meet the requirements and that applicants did not have to spend too much time on obtaining quotes and grant staff on verifying suppliers and their details
- ❖ Make the responsibilities of a grant clear and implement a consequence management system to address situations where grantees did not meet their obligations
- ❖ Review the grant programme for cooperatives – the failure rate is too high
- ❖ Consider establishing a business network where grantees can talk to peers and where NYDA can provide information
- ❖ Celebrate the success of the grantees that optimised the benefits of the grant
- ❖ Consider the suggestions made by the grantees.

## 5. Conclusions and recommendations

The conclusions and recommendations are provided according to the grant and voucher process. The motivation being that it will indicate specifically what are efficient and what not and what ought be done to optimise the system and counteract time wasting red tape.

### 5.1 Staff was trying their best to implement the process but are under pressure

Conclusion	Recommendations
The staff at the branches were committed to the success of the programme. They implemented it to a large extent as set out in the grant manual and policy document. They recommended ways in which the programme could be improved.	Consider the recommendations made regarding the improvement of the programme.
The administration of the grant process was cumbersome and paper driven. The same information had to be captured several times in different formats. There was no relation between the grant delivery process and the documents to be completed	Consider the documents recommended and change to an online supported documentation process
The grant process as well as the staff involved in it changed significantly in the recent past due to the restructuring. People are uncertain and demotivated as a result.	Implement a change management process to address to emotions of the employees and the understanding of the process.
The information provided by the branches was difficult to obtain and inconsistent	Review the systems used to capture the data and make it more user-friendly



## 5.2 The characteristics of the grantee and the business indicated the potential success of the business

Conclusion	Recommendation
The quantitative research indicated that certain demographic and grant information were evident in success businesses	<p>Take into account that grantee businesses that were rated the most successful were:</p> <ul style="list-style-type: none"> <li>• Female owned</li> <li>• The grantee was older than 31</li> <li>• The business was on the Threshold 2</li> </ul> <p>Take into account that grantees that were rated the least successful were:</p> <ul style="list-style-type: none"> <li>• Businesses where males and females were involved in the same business</li> <li>• Grantees that were younger than 21</li> <li>• Cooperatives and</li> <li>• Grantees that got a grant on Threshold 3</li> </ul>
Young people did not understand the responsibilities of being an entrepreneur and the purpose of a grant	Young people ought to be made aware in presentations and marketing material that a grant is a responsibility and not a right. They must understand that it is not a short term solution, but that it should be used to grow a business in the long-term. They should understand that being a business owner is hard work every day and that they must constantly think of growing their businesses and not of spending the money the business was bringing in.
Grantees that worked in a business they wanted to start are more successful	Motivate applicants to gain experience in an industry before they start a business, having worked in a business would enhance their chances of success

## 5.3 Information on the grant programme is complicated and not aligned

Conclusion	Recommendation
The Grant Policy and Grant Manual are not aligned	Align the Grant Policy and the Grant Manual as recommended on the documents
The Grant Manual is not user-friendly	<p>Simplify the Grant Manual to cover only the following aspects</p> <ul style="list-style-type: none"> <li>• The requirements to apply for a grant</li> <li>• The requirements for the three thresholds</li> <li>• Marketing the grant process</li> <li>• The different stages in the grant application, approval and disbursement process</li> <li>• Aftercare</li> <li>• Non-financial assistance provided</li> </ul>



Conclusion	Recommendation
The grant process document is too complicated.	Consider the diagrammatic representation of the grant process to explain the process to staff and clients.
The forms used in the grant process were not integrated and repetitive.	Consider the integrated forms developed to support the programme. Arrange a workshop with the relevant people to workshop the different forms before they are rolled out . Put all the forms on line and provide grant officers with tablets to enable them to complete forms in real time and store photographs online.

## 5.4 Information about the grant programme was confusing and inaccurate

Conclusion	Recommendation
The brochures dealing with the grant programme, the mentor programme and the assistance provided to co-operatives were not informative or on the level of the target group.	The content of the brochures ought to be reviewed and presented in a way that a potential entrepreneur can be excited about the potential assistance but also understand the responsibility and effort that come with being an entrepreneur. Using infographs and a less formal writing style will align it to the target audience.
Representatives from the NYDA created the wrong impression amongst the target audience about the availability of funds and the amounts the people can apply for.	A presentation, with speaker notes supported with the brochure ought to be prepared and provided for people that will be required to talk about the programme. Care should be taken about creating expectations about the amount of money that can be applied for.
The content of the grant policy and the grant manual is not updated to address new requirements and needs.	Update these documents to reflect changes that were agreed upon and that are applicable to the grant programme, e.g. buy-ins and buy-outs must be included under exclusions.
The grantees had an attitude of entitlement with regard to the grant and the vouchers – they did not want it because they were not serious about starting a business, they wanted it because it was available.	Ensure that people and other sources of information about the grant programme stress the importance of an entrepreneurial mind-set and a commitment to the responsibilities of a business person.



## 5.5 Capturing information in the grant process was time-consuming and repetitive

Conclusion	Recommendation
Currently there are two systems running concurrently and both systems need to be updated and maintained, resulting in the ineffective utilisation of resources.	Integrate the two systems and update the information, especially contact numbers, every time the client engages with the branch
The computer system at the branches are often off-line resulting in information not being captured and valuable resources being wasted.	Investigate the reasons for the system failures and address as a matter of urgency. Determine if the current system would be able to cope with a total online process – from creating the file to the last close-out report.
The paper-based documents resulted in a significant amount of duplication on information of the client and grantee as certain information need to be recorded on every form. The paper-based system also created a lot of paper that had to be filed and stored	Change to an online system where personal information is recorded once and then only verified and up-dated. Provide grant officers with tablets and train them to record and save all information on online forms in real time. Using an online system will ensure that records of previous visits would be available for control purposes. On this document reviewing the impact of the grant, it would be possible to save photographs of the business. Changing to an online system will have a significant impact on the efficiency of the staff members involved in the grant process.

### 5.5.1 Information obtained during the Assessment interview did not facilitate assisting the best candidates with grants

Conclusion	Recommendation
The quality of the information captured during the assessment interview did not identify young entrepreneurs with potential accurately.	Train the staff members in interview skills and the importance of an accurate assessment to ensure that accurate information is provided. Ensure that there is sufficient time for the person to interview the person. Use the recommended form and capture the information online in a system that will do the required calculations and indicate if the person qualifies for a grant and at which level.
Professionally qualified people like medical doctors and accountants were interviewed and were awarded grants despite their buvsinesses being sustainable already.	Do not award grants to successful professional practices.



## 5.5.2 The Entrepreneurship Development Programme did not add the value it could

Conclusion	Recommendation
The entrepreneurship development programme did not enhance the success potential of clients due to the out-dated and mis-aligned content as well as the presentation style by untrained presenters.	<p>Create an online training programme where young people can test their entrepreneurial knowledge and skills. The outcome of the test would indicate if the person has enough knowledge and skills to start and/or grow a business, to do just certain modules or to do all the modules at foundation, intermediary or advanced level.</p> <p>Up-date the content to be in line with the needs of the NYDA grantees and with the rules and regulations relevant to small business.</p> <p>Workshop the content with representatives from the different branches.</p> <p>Package the content in an interactive and practical training style and present it in an edutainment style.</p> <p>Recruit qualified trainers with a background in presenting edutaining business and management training.</p>
The practical work done during the EDP training did not add any value to the business the client wanted to start or grow	<p>Include practical work that is applicable to the business of the client – from developing a business plan to branding, financial management and employee contracts.</p> <p>Provide the clients with templates that they would be able to apply in their businesses – both soft and hard copies.</p> <p>Ensure that the delegate workbook provide guidelines the clients will be able to apply in their businesses.</p>
The programme was too intense for the applicants.	<p>Many of the grantees did not have any entrepreneurial background and especially not about financial management. It is recommended that the programme be presented over a longer period of time and modular.</p>



### 5.5.3 The Grant application document was difficult to complete and resulted in losing time on the side of the applicant and the grant officer

Conclusion	Recommendation
The application form was difficult to complete for a novice person having done this before.	Use the simplified form recommended in this document. Provide a booklet with the document to enable the applicants to provide all the documents and information right the first time.
The grant application could be done online by many applicants	Not all the applicants would be able to apply online but enabling some to do it, will already put less pressure on the Grant Administrator. Allow applicants to apply and post their document online in the branch

### 5.5.4 Obtaining a quote is important but problematic for the suppliers and the applicants

Conclusion	Recommendation
The clients were inexperienced and did not know what to ask for	Create a template that reflects what must be on a quotation, e.g. on a company letterhead, date issued and validity, contact details, description of the good and quantities, price, total price excluding and including VAT.
The people did not know how to obtain the quotes required for this document.	Include a section in the EDP training on obtaining quotes. Explain the process of obtaining quotes in the booklet to be provided.
It was difficult to find suppliers	Create a database of suppliers in various regions that will be prepared to provide quotes for grantees. Document the banking details of these suppliers on the system – saving the time of the suppliers and the applicants. The applicants could choose to use these suppliers or find their own.
Suppliers were suspicious about the request for a quote and especially to give their banking details and a bank letter.	Provide a letter to the applicant to show the supplier to confirm that the information was needed for a grant from the NYDA
Grantees are suffering losses due to them unknowingly obtaining quotes from questionable suppliers	NYDA should develop a database of legitimate suppliers. The Legal Department ought to speedily investigate a situation where this occur and ensure that the necessary steps are taken to prevent the grantee suffering losses



### 5.5.5 The ITC check should have a limited impact on the grant decision

Conclusion	Recommendation
The ITC check is an important indicator of the financial management style of the applicant but it should not determine the grant decision.	The credit check ought to be done while the candidate does the EDP training. If the client got a negative credit rating, then reasons for the situation need to be obtained from the candidate while they are at the branch for the training. The discussion ought to be used to explain the importance of responsible financial management. Seeing that this is a grant and not a loan the credit rating of a client ought not to be considered.

### 5.5.6 The site visit document did not facilitate an informed decision about the sustainability of a business

Conclusion	Recommendation
The structure and content of the site visit document was not user-friendly and did not result in information that could facilitate an accurate decision.	Use the site visit form designed for this purpose Capture the information, as far as possible on-line on a tablet ensuring that it is in the system immediately
It was important to have evidence of the site when it was visited	All the visual elements evaluated ought to be supported with photographic evidence.

### 5.5.7 The due diligence checklist was irrelevant for most of the NYDA grantees

Conclusion	Recommendation
The due diligence checklist dealt with documents that were not relevant to most of the grantees businesses the NYDA supported and caused.	Do a due diligence when a business applied for a grant of more than R50 000,00, in other words, on Threshold 3. Use the new format of the due diligence report.

### 5.5.8 The 21 days' timeline to complete a grant application was not feasible

Conclusion	Recommendation
The timelines were shared with the applicants and created expectations that they will have a grant within 21 days. The reality was that the verification of supplier detail and queries from Finance often made it difficult to meet the 21 days' timeline.	Develop a database of suppliers for various products to reduce the verification time. Conduct the due diligence only for businesses that applied for grants on Threshold 3 to save time. Change the timeline to Between 21 and 30 working days.



### 5.5.9 The Grant Memorandum was a key document but did not optimise the information already available

Conclusion	Recommendation
The grant officer spent a significant amount of time creating the Grant Memorandum whereas it should be a summary of all the information already gathered. The inefficiency in this phase is that the information cannot simply be pulled from other documents but that it must be re-created	Use the new Grant Memorandum format to summarise all the information gathered from the Assessment interview, the Grant Application and the site visit. The online system should be set up to compile the document in 30 minutes. The grant officer should, based on the information at hand, formulate the motivation for presenting the application for approval. Use the Grant Memorandum to indicate the decision of the BGARC.

### 5.5.10 The minutes of the BGARC differed significantly between branches

Conclusion	Recommendation
The minutes of the BGARC meetings differed significantly between branches. Whereas some provided great detail others provided just a sentence or three.	A standard format ought to be used to document the decisions – as set out in the Grant Minutes template created. Record the decision online in real time on the Grant Memorandum as well as on the Minutes of the BGARC. Email the minutes to the delegates and the grant officer.

### 5.5.11 The notification letter is problematic due to the postal service and the content

Conclusion	Recommendation
The value add of the requirement that the notification letter must be sent to the grantee within 24 hours after the approval of the grant is questionable due to the realities of the South African postal system and the characteristics of the target group.	The notification of the approval should be sent to a mobile phone or email address as the target group has more access to electronic media than to post boxes. The notification ought to be limited to informing the grantee that the grant was approved and that the Grant Agreement needed to be signed. It should also inform the grantee that an email will be sent within 2 weeks, to indicate that the Grant Agreement is ready to be signed. The necessity to post a letter containing the same information as the electronic message, ought to be reconsidered.



#### 5.5.12 The language in the Grant Agreement is not aligned with the target group and the realities of the grant process

Conclusion	Recommendation
The language of the Grant Agreement is too difficult to understand – even though the grantee sign a document that the content was explained and that it was understood. It is questionable how much they did actually understand and will remember afterwards.	<p>Rewrite the Grant Agreement in Easy English that is aligned with the level of the target audience yet legally binding.</p> <p>The Grant Agreement should clearly indicate that the contract is for 24 months, that the goods and stock must be used in the business and for the purpose that it was approved and what the consequences were if they default on any of these.</p> <p>The NYDA ought to develop a process to address instances where the benefits of the grant were not optimised and not used to the benefit of the business for which it was approved.</p>

#### 5.5.13 The Grant disbursement process is a potential reputational risk for the NYDA

Conclusion	Recommendation
The grantees were notified within 24 hours about the grant approval and signed the Grant Agreement within two weeks and in some instances they waited months for the grant to be disbursed by Head Office.	<p>Branch management ought to be informed about the availability of funds to disburse grants.</p> <p>Branches ought to send an SMS and/or email to applicants to indicate by when the BGARC will meet to consider grants again.</p> <p>Head Office ought to indicate at the start of the financial year how much will be made available to grants every quarter to the different branches.</p> <p>In view of the limit on grant funds it is imperative that only businesses with a high potential success rate be supported and grantees are prepared and monitored to ensure that the grant is put to good use.</p>

#### 5.5.14 The business documents developed were too limited

Conclusion	Recommendation
The cash flow document developed by the NYDA is not sufficient to address the needs of the grantees to implement a proper business management system	Ensure that the content of the EDP training addresses the business process and the related documents required by a small business. These documents ought to be discussed and practiced on during the training and the grant officers ought to monitor if these documents are implemented in the grantee's business



### 5.5.15 The aftercare process was critical to the success of the grant programme but it was not implemented effectively

Conclusion	Recommendation
Aftercare and growing successful businesses were not a Key Performance Area for branches and grant officers thus little effort was made to deliver on it.	Make aftercare and growing successful businesses key performance areas of branches and grant officers.
It was not possible for branches to conduct eight quarterly aftercare visits due to the capacity of the branches and the distances to be travelled to get to the grantees.	Do some of the visits in person and others telephonically, supported by photographs taken of specific aspects of the business.
Grantees did not submit monthly financial reports to the branch as required	The grantees should be made aware of their responsibility to submit monthly financial statements to the grant officer. They could share it via email or send a photograph of statement to the grant officer. The grant administrator could capture the information in the electronic file of the grantee. This will be an early warning system that a grantee is running into trouble. Getting a telephone call from the grant officer might just be what is required to get the grantee motivated and back on track.
The first visit to the grantee 10 days after the disbursement of the grant should not be called an aftercare visit and should not be linked to 10 days.	The visit ought to be called the Post-disbursement visit and should focus on ensuring that the goods and stock were received and installed and that the grantee has the necessary processes and procedures, as taught during the EDP training, in place. Photographic evidence of the equipment and stock as well as the various other elements of the business must be captured and stored online. The supplier ought to send the delivery note to the NYDA as soon as the goods and stock are received by the grantee. The grant officer should then schedule a visit within 10 days. No attempt ought to be made to determine growth, as the benefit of the grant will not be visible yet.
The aftercare reports were not focused and did not provide information to indicate if the grantee is optimising the benefits of the grant and that the business is growing	Use specific forms for the Post Disbursement visit, the telephone and in-person visits and the close-out visit report – as designed. All these interviews, be it in person or telephonically ought to be captured in real time, on line or on a tablet while visiting the grantees. If a grantee is called, a set of supporting photographs ought to be submitted by the grantee as well. The photographs can be mailed or send with the mobile phone.



	The conclusions made by the grant officer on the different businesses ought to be used as is to compile the monthly report on the grant programme.
Grant officers were negative about aftercare as grantees were not implementing the advice the grant officers were giving them and there was no recourse.	Ensure that grantees understand their responsibilities with regard to growing successful businesses and the importance of implementing the advice and experiencing success.

### 5.5.16 The voucher programme was not adding the value it should

Conclusion	Recommendation
Too few vouchers are being awarded and activated.	Every grantee ought to get a voucher on the approval of the grant. The grant officer ought to check the activation and the implementation of the voucher. The vouchers ought to be aligned with the progress the business has made in the two years and the Threshold the business is on. Some vouchers are more applicable to a business once it is established than when it is starting out.
Some of the suppliers did not provide quality products to the grantees	The suppliers in the database ought to be informed about the characteristics of the NYDA grantees and that, despite the fact that it is small entrepreneurial businesses the deliverables must be of the highest quality. The grant administrator ought to do a quality check on all the deliverables before the supplier is paid.
Suppliers refused to deliver products because they were not paid.	NYDA ought to ensure that suppliers are paid promptly on delivery of the products, according to the required quality.
Grantees were not involved in and competent to optimise the value of the voucher.	Suppliers ought to agree to involve grantees in the development of products, e.g. creating a logo and developing a business plan. The grant officer ought to discuss the value of the product with the grantee during the aftercare telephone call or visit. It should be ensured that the Financial management and Administration systems provided by the voucher programme is aligned with the content of the EDP. Training ought to be provided to ensure that the grantee is able to implement the voucher to its fullest
Some grantees could "graduate" to being a supplier on the Voucher supplier list.	If grantees proved that they can be a sustainable supplier allow them to be listed on the Voucher list.



### 5.5.17 Other non-financial support did not meet the expectations created in the marketing material

Conclusion	Recommendation
The mentor programme did not come off the ground.	Utilise the aftercare visits as mentorship opportunities by being frequent and solution focused. The implementation of the recommendations and the impact it had on the business ought to be monitored and noted. Noting breeds success than success.
Market linkages were not made and those made were not optimised	The NYDA and the branch management ought to network with medium and large corporates to convince them to utilise grantee business as service providers and suppliers. Create a database of market links in the various regions. The grantees benefiting from the market linkages ought to be made aware of the responsibilities of being a service provider or supplier to a business. The grant officer ought to track the success of these grantees and assist them with advice where they lack skill and understanding to optimise the linkage.
There were questions about the relevance of the business registration process and referrals as non-financial services provided	Review the business registration process through the NYDA as it took significantly longer than registering the business at CIPC. Consider using agents to do it for the different branches and not head office. Reconsider indicating referrals as a non-financial service rendered to clients interested in grants.
Grantees do not have access to the tender database of the government which is a huge potential market for some.	Consider listing successful grantees on the government supplier database and provide training to be a success supplier in this space.

### 5.5.18 The NYDA alone cannot meet the needs of young people to get grants

Conclusion	Recommendation
The need of young people to start and grow businesses is more than what the NYDA can provide	Develop partnership or working relations with other industry players like incubators, entrepreneurship forums, youth NGO's, etc.

### 5.5.19 Communication with head office was not perceived as effective

Conclusion	Recommendation
Branches felt they were not informed timeously about factors that impacted on the grant programme.	Ensure that issues critical to the success of the grant programme like the budget is communicated on frequently
Head office did not respond quickly on enquiries from the branches about the grant process.	Set a turn-around timeline for responses on enquiries from the branches.



### 5.5.20 The demands made on the grant staff require them to be informed, educated and experienced

Conclusion	Recommendation
The restructuring resulted in people having to fill new roles for which they were not appointed or trained.	Ensure that staff members understand the full process and not only the part they were involved in.
The roles and responsibilities in the grant manual did not provide the necessary clarity to the branches. Due to the vacancies the roles had to be broadened to address the different aspects of the grant programme that had to be addressed. Several people shared roles and responsibilities because the role was vacant and work had to get done.	Review the required staff levels and ensure that it is very clear who should fulfil which role in the grant process.
The performance management process on branch level was not effective in building the morale and the competence of staff members.	Ensure that performance reviews are conducted at least twice a year and in a positive spirit that will result in growth and customer centricity
Qualified and experienced people should be appointed to meet the requirements set by the process.	Ensure that the appointment criteria will attract people with the appropriate experience and qualification to the NYDA and the grant programme
Due to the pressure to get the job done the on-boarding process of staff members were not efficiently done. The consequence is documents were not properly completed and applicants were not adequately assessed and resources were invested in applicants that would not be able to start and grow a sustainable business.	Use the grant manual as an on-boarding document to ensure that all the employees involved in the grant process understand the full process.

### 5.5.21 Success is not celebrated

Conclusion	Recommendation
In the grant process there were branches, grant officers and grantees that excelled and the best practices they exemplified need to be celebrated	<p>Arrange an annual gala event where excellence is recognised. Acknowledge:</p> <ul style="list-style-type: none"> <li>the best branch based on the number of sustainable businesses they grew and the number of jobs created</li> <li>The best grant officer on the number of sustainable businesses he facilitated and the number of jobs created</li> <li>The best grantee on the different Thresholds. The award in this category could be a special voucher, a special grant, a market link or a listing on the NYDA supplier list. The grantees ought to be featured in the media and assisted to handle the growth that might result from the publicity. One of the responsibilities of the award would be that the grantee need to mentor one new grantee.</li> </ul>



## **6. Concluding remarks**

It is a well-known fact that the economy of South Africa can only grow if entrepreneurs succeed and create new job opportunities. The role of the NYDA grant programme is critical in growing young entrepreneurs. The evaluation of the grant process indicated that the grant programme made a positive contribution to the lives of several young people.

However - it is still too few. The grant process is built on a sound process that is currently misaligned. Aligning and simplifying information, gathering the process and ensuring that both the financial and non-financial needs of grantees are met, will ensure that many more young people could benefit.

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