

ABSTRACT

“...The NYDA has changed people's lives in the community; It has helped a lot of people; It has gone beyond and is helping people achieve their dreams; I have been able to employ youth in my community...”

REPORT WRITTEN FOR:



NATIONAL YOUTH DEVELOPMENT AGENCY

REPORT WRITTEN BY:



Imperial Research & Consultancy

Quality. Accuracy. Reliability

ASSESSMENT REPORT

RAPID ASSESSMENT OF THE
SOCIO-ECONOMIC
BENEFITS OF THE NYDA
GRANT PROGRAMME



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-Team IRC

Table of Contents

ACKNOWLEDGEMENTS	1
LIST OF TABLES	4
LIST OF FIGURES	5
ACRONYMS	6
EXECUTIVE SUMMARY	8
1. INTRODUCTION	1
2. BACKGROUND	3
3. PUBLIC AND PRIVATE YOUTH INTERVENTION PROGRAMMES	5
4. NYDA AND GRANT PROGRAMME	9
4.1. THE NATIONAL YOUTH DEVELOPMENT AGENCY (NYDA)	9
4.2. THE GRANT PROGRAMME	10
4.3. CONTEXT	10
5. METHODOLOGY	12
5.1. RESEARCH TOOLS	13
5.1.1. SURVEY TOOL	13
5.2. DATA COLLECTION METHODS	14
5.2.1. DOCUMENT REVIEW	14
5.2.2. IN-DEPTH INTERVIEWS / COMPUTER-AIDED PERSONAL INTERVIEWS	14
5.2.3. COMPUTER -AIDED TELEPHONIC INTERVIEWS	15
5.3. SAMPLING	15
5.4. EVALUATION LIMITATIONS	16
5.4.1. AVAILABILITY OF GRANTEES	16
5.5. DATA COLLECTION & ANALYSIS	16
5.6. RESEARCH ETHICS	17
5.7. VALIDITY AND RELIABILITY	18
6. FINDINGS	18
6.1. ENTREPRENEUR PROFILE	18
6.2. BUSINESS OWNERSHIP	19
6.3. GRANT THRESHOLD ACCESSED	20
6.4. NUMBER OF GRANTS RECEIVED FROM NYDA	22
6.5. NON-FINANCIAL SUPPORT FROM NYDA	22
6.6. BREAK DOWN OF NON-FINANCIAL SUPPORT RECEIVED	23

6.7. START-UP CAPITAL.....	24
6.8. OTHER FUNDING SOURCES	24
6.9. FORMALLY REGISTERED BUSINESSES.....	25
6.10. LEGAL FORM OF REGISTRATION	25
6.11. AGE OF BUSINESS.....	26
6.12. NUMBER OF EMPLOYEES.....	27
6.13. EMPLOYEE FORECAST.....	27
6.14. BUSINESS PREMISES	28
6.15. SECTORS	29
6.16. BUSINESS REVENUE	30
6.16.1. TURNOVER IN LAST FISCAL YEAR.....	30
6.16.2. PROFIT	31
6.17. BUSINESS OBSTACLES.....	31
6.18. FINANCIAL RECORDS.....	32
6.19. EXTERNAL AUDITOR.....	32
6.20. BUSINESS OUTLOOK OVER LAST 24 MONTHS	33
6.21. IMPACT OF GRANT ON BUSINESS.....	33
6.22. IMPACT OF BUSINESS ON GRANTEE	34
6.23. SKILLS DEVELOPMENT TO TAKE IT TO THE NEXT LEVEL.....	35
<u>7. INSIGHTS FROM THE STUDY</u>	<u>36</u>
7.1. STARTING THE BUSINESS	36
7.2. BUSINESS DREAMS	37
7.3. REALITY CHECK FOR BUSINESS DREAMS	39
7.4. GRANT PROGRAMME.....	40
7.5. GRANT OBJECTIVES.....	41
7.6. CONTRIBUTION OF GRANT TOWARDS IMPROVING SOCIO-ECONOMIC CONDITIONS IN COMMUNITIES.....	43
<u>8. RECOMMENDATIONS.....</u>	<u>45</u>
8.1. COST BENEFIT ANALYSIS	49
<u>9. CONCLUSION</u>	<u>52</u>

List of Tables

TABLE 1: PROPOSED SAMPLE	15
TABLE 2: ACTUAL SAMPLE	16

List of Figures

FIGURE 1: ENTREPRENEUR PROFILE	18
FIGURE 2: FEMALE OWNED BUSINESSES	19
FIGURE 3: GRANT AMOUNT RECEIVED	21
FIGURE 4: NUMBER OF GRANTS RECEIVED	22
FIGURE 5: NON-FINANCIAL SUPPORT RECEIVED.....	22
FIGURE 6: BREAK-DOWN OF NON-FINANCIAL SUPPORT RECEIVED	23
FIGURE 7: START-UP CAPITAL FUNDERS.....	24
FIGURE 8: OTHER FUNDING SOURCES	24
FIGURE 9: REGISTERED BUSINESSES	25
FIGURE 10: FORM OF REGISTRATION	25
FIGURE 11: AGE OF BUSINESS	26
FIGURE 12: NUMBER OF EMPLOYEES.....	27
FIGURE 13: NUMBER OF EMPLOYEE FORECAST	27
FIGURE 14: BUSINESS PREMISES	28
FIGURE 15: SECTORS	29
FIGURE 16: BUSINESS TURNOVER.....	30
FIGURE 17: BUSINESS PROFIT	31
FIGURE 18: BUSINESS OBSTACLES.....	31
FIGURE 19: FINACIAL RECORDS.....	32
FIGURE 20: AUDITED ACCOUNTS	32
FIGURE 21: BUSINESS OUTLOOK	33
FIGURE 22: IMPACT OF GRANT ON BUSINESS.....	33
FIGURE 23: IMPACT OF BUSINESS ON GRANTEE	34
FIGURE 24: SKILLS NEEDED	35

Acronyms

- BCR** – Benefit to Cost Ratio
- BEE** – Black Economic Empowerment
- CAPI** – Computer Assisted Personal Interviews
- CATI** – Computer Assisted Telephone Interviews
- CC** – Closed Corporation
- DTi** – Department of Trade and Industry
- EDD** - Department of Economic Development
- EDP** – Entrepreneur Development Programme
- GEM** – Global Entrepreneurship Monitor
- GEP** – Gauteng Enterprise Propeller
- GoSA** – Government of South Africa
- ICT** – Information and Communication Technologies
- IDC** – The Industrial Development Corporation
- ILO** – International Labour Organisation
- IRC** – Imperial Research & Consultancy
- IYDS** – Integrated Youth Development Strategy
- JASA** – Junior Achievement South Africa
- NDP** – National Development Plan
- NPV** – Net Present Value
- NQF** – National Qualifications Framework
- NYDA** – National Youth Development Agency
- NYEESIF** - National Youth Economic Empowerment Strategy and Implementation Framework
- NYP** – National Youth Policy
- PESTLE** – Political, Economical, Social, Technological, Legal, Environmental factors
- PTY** – Private Company
- SAB** – South Africa Breweries
- SBDI** – Small Business Development Institute
- SDP** – Supplier Development Program
- SEDA** – Small Enterprise Development Agency
- SEFA** – Small Enterprise Finance Agency

SMME – Small, Medium and Micro Enterprise

TEA - Total early-stage Entrepreneurial Activity

ToR – Terms of Reference

UNDP – United Nations Development Programme

UYF – Umsobomvu Youth Fund

YEDS – Youth Enterprise Development Strategy

EXECUTIVE SUMMARY

This report is the result of a *Rapid Assessment of the National Youth Development Agency (NYDA) Grant Programme*. Imperial Research and Consultancy (IRC) was commissioned by the NYDA to conduct the assessment during the month of July 2018.

The NYDA through their Strategic Plan (2015-2020) seeks to complement government efforts including the Jobs Fund, IDC, SEDA and SEFA among other agencies in supporting youth development, especially with regards to economic participation. The Strategic Plan aligns itself with the National Youth Policy (2009-2014) imperatives of Education, Training and Skills development; Economic Participation; Health and Well-being; National Youth Services and Youth Work.

This assessment focused on recipients of grants (grantees) and owners of small businesses and/or start-ups, as part of the National Youth Development Agency (NYDA) nation-wide Grant Programme.

Youth unemployment is not unique to South Africa; it is a global phenomenon. According to the International Labour Organization (ILO), there are about 71 million unemployed youth, aged 15–24 years, globally in 2017, with many of them facing long-term unemployment. At the end of 2016, there were just over 20 million young people (i.e. people aged between 15

and 34 years) in South Africa. Of these, 6.3 million were employed, 3.7 million were unemployed but looking for work (the definition of unemployment used to calculate the ‘narrow’ unemployment rate), 2.1 million were unemployed, but were no longer looking for work (the ‘discouraged’ workers used when calculating the expanded rate of unemployment), and eight million were not economically active. Of those who were not economically active, five million were still in school and around a million more were in some other form of educational institution or engaged in adult basic education. Overall, about 7.5 million young people (nearly 40% of all young people) were so-called ‘NEETs’ – not in employment, education or training.

The Government of South Africa (GoSA) recognises the challenges of poor economic participation of young people and has in place numerous policy interventions geared towards bringing youth into the mainstream of the economy to enhance social inclusion and cohesion.

GoSA recognises, as outlined in the National Development Plan, the role social protections play and can assist in employment creation: Social protection is at the heart of reducing poverty and inequality. It combines the objectives of alleviating and preventing poverty and protecting individuals against

social risks, as well as empowering individuals to seize opportunities for decent employment and entrepreneurship. It should enable a degree of security in normal times and serve as a safety net in times of crisis.

The National Youth Policy (NYP) for 2015–2020 (NYP 2020) is developed for all young people in South Africa, with a focus on redressing the wrongs of the past and addressing the specific challenges and immediate needs of the country's youth.

The National Development Plan (NDP) aims to eliminate poverty and reduce inequality in South Africa by 2030. It recognizes constraints on growth and serves as a guide to a more inclusive economy that will address the country's socio-economic imbalances.

The Department of Economic Development (EDD) introduced a short-to-medium term multi-pronged strategy that aimed to propose interventions that provide young people with income and opportunities and encourages community service and engagements around targeted programmes to enable entry into the economic mainstream. The NYDA drafted the Integrated Youth Development Strategy (IYDS, 2011).

This Youth Enterprise Development Strategy (YEDS) is a direct response to the call made by the National Youth Policy as amended for each department to contribute towards the economic development of young people

in the economy.

South Africa's Department of Trade and Industry (DTI), with the intention of boosting economic growth and broader participation in it, has amongst others established an institutional framework to support SMMEs.

In the midst of all the aforementioned development plans and programmes, the Government created or supported the Black Economic Empowerment (BEE) initiative, the Small Enterprise Development Agency (SEDA), the Small Enterprise Finance Agency (SEFA), Small Business Development Institute (SBDI) and, most recently, the Department of Small Business Development.

In addition, a number of provincial governments have launched their own enterprise development initiatives, a prime example being the Gauteng Enterprise Propeller (GEP).

The NYDA plays a leading role in ensuring that all major stakeholders, i.e. government, the 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.

The NYDA Strategic Plan states that the grant programme is informed by limited participation of youth in

entrepreneurship and ownership of survivalist, start-ups and very small businesses. ***The programme seeks to give youth a chance to experiment with entrepreneurship especially survivalist businesses and start-ups.***

In our sample, male entrepreneurs were in the majority (58%) but female entrepreneurs (42%) were not far behind. 40% of the businesses visited for this study are fully owned by women while 49.7% of the visited businesses are owned by men. The remainder 10.3% is owned by females who are co-owners with males in business.

61.3% (majority) of the grantees qualified for Threshold 2 – Start-ups and Cooperatives (R10,001 – R50,000). 24% of the grantees' businesses are at Growth stage which qualified them for Threshold 3 (R50,001 – R100,000). The remainder 14.7% of the businesses visited qualified for Threshold 1 – Idea generation and survivalist (R1000 – R10,000).

One hundred and fifty-seven (157) grantees – 96%, indicated that they received one grant from the NYDA. The remainder 4% of the had grantees had received 2 grants from the NYDA and indicated how this was very helpful.

47.2% of the grantees indicated that they had accessed support through at least one of the non-financial programs provided by NYDA. 38.6% of the grantees indicated they had not accessed any of the non-financial programs. 14.2% accessed both non-financial support programs offered by the NYDA.

The majority (26%) of the grantees got extra funding from the Gauteng Enterprise Propeller (GEP). Other major funding was from Small Enterprise Development Agency (SEDA) the Department of the Trade and Industry (Dti) and South Africa Breweries (SAB) Foundation.

Majority of the businesses (58.2%) have no more than 3 employees. This can be attributed to the fact that majority of the businesses are not older than 6 years therefore they can be considered to be still in the growth stage. 41.8% of the represented businesses have between 4-30 employees.

46% of grantees' businesses are operated from home closely followed by businesses with dedicated premises at 45.4%. Business that operate at a market place and businesses on wheels account for 8.6%.

The top sectors represented by the respondents are Trade, Personal Services, Manufacturing, Hospitality and Finance & Business Services. Female Entrepreneurs dominate the Hospitality and Personal Services sectors with 85% and 80% of businesses in these sectors being owned by female entrepreneurs, respectively. Male Entrepreneurs dominated the construction and ICT sectors. There was a fairly even distribution among the other sectors.

All the businesses that were visited indicated that they are generating revenue. 35% of the businesses reported a turnover of more than R60,001 in the previous fiscal year. The majority (50%) reported a profit of up to R30,000. 12% reported a

profit of more than R100,000 in the last fiscal year.

The majority (32.4) of the businesses indicated that access to finance was the biggest obstacle they faced. This was followed by Transport (17%) which was mostly experienced by those in the Agriculture sector and Environmental sector. The least obstacle was inadequately educated workforce (3.6%) an indication that highlights the unemployment rate among the youth.

72.4% of the respondents indicated that their businesses had improved significantly (39.9%) or improved somewhat (32.5%) over the last 24 months of operating their businesses. 16% indicated how their businesses had declined significantly (8%) or declined somewhat (8%).

Respondents were asked to rate the impact the grant they received had on their businesses. 92% found the grant received to have had very valuable (69.3%), valuable (12.8%) and somewhat valuable (9.8%) impact on their businesses. *“...It grew her business; It made an improvement in the image of his company and the service that he's doing; It helped his business grow from what it was...”*

84% of the respondents indicated that their businesses have a very valuable (68.7%) or valuable (15.3%) impact on them. *“...I have built myself a home through the profit I make; We now earn more and are able to save; I have realized some skills that I did not know about myself; I have a stable source of income...”*

When asked what they believed to be the necessary skills required to improve their businesses, majority (34%) of the respondents indicated Financial Management as the biggest area they needed to improve. 31% indicated Marketing Sales & Customer Service was a skill they needed to improve.

Recipients were very enthusiastic about the grant and being 'accepted' by the NYDA. This in itself was very positive and for some, they noted that they had gained confidence and were proud to be considered as being businessmen and women. Some noted that they could 'hold their own' and approach possible clients with new-found confidence. This they attributed to NYDA.

The wider impact of the grant on the community was mainly reported in terms of employment creation.

“...The NYDA has changed people's lives in the community; It has helped a lot of people; It has gone beyond and is helping people achieve their dreams; I have been able to employ youth in my community. I am a mentor to youth in the community because the fund helped me to start a business; It has allowed women in this community to get services within the community without spending a lot on transport; It has contributed immensely...”

By providing a specific service, previously unavailable, was viewed as a contribution by the business to the community. Therefore, indirectly NYDA is contributing towards improving social and economic conditions. One musician noted that his studio (for which

NYDA provided sound and lighting equipment) became a social space for youth to use. As it is a business, they paid a fee to use the recording equipment.

In addition, respondents said that as the business and its offerings are now available close by (in the community), customers no longer had to pay for transport. This was considered an important service to the community, again via the Grant Programme. Some of the businesses gave back to the communities directly, either by

donations or spending time training youth or offering services at a reduced rate. A bakery owner kept aside the daily-unsold bread for children who needed it, at no charge.

The NYDA Grant program has a Benefit Cost Ratio (BCR) of 5.18 which indicates the program will deliver a positive Net Present Value (NPV) in future. This ratio also indicates that the NPV of the program's cashflows outweighs the NPV of the costs which highlights the success of the program.

1. INTRODUCTION

Sustainability dialogues in the small business sector often centre on challenges related to attracting necessary start-up capital (and expansion capital) coupled with provision of regular support mechanisms and business environment conditions, amongst others. Discussions highlight the numerous 'lacking elements' that small businesses confront while noting those essential entrepreneurial inputs and characteristics necessary for success and growth.

Youth occupy this space generally in terms of their sheer numbers, low labour absorption rate in the macro economy, and ticking time bomb versus youth dividend. Youth entrepreneurship and youth as business owners is taking centre stage as a means to create employment amongst youth and grow the economy, more generally.

The small, or emerging enterprises, that formed part of this assessment, would certainly form part of those discussions, especially from a technical entrepreneurship perspective. We provide some important context and background on the National Youth Development Agency (NYDA) Grant Programme that in turn provides the context as to where these businesses are located in terms of survivalist, nascent or established businesses and their potential for sustainability.

This report is the result of a *Rapid Assessment of the National Youth Development Agency (NYDA) Grant Programme*. Imperial Research and Consultancy (IRC) was commissioned by the NYDA to conduct the assessment during the month of July 2018.

The NYDA through their Strategic Plan (2015-2020) seeks to complement government efforts including the Jobs Fund, IDC, SEDA and SEFA among other agencies, in supporting youth development, especially with regards to economic participation. The Strategic Plan aligns itself with the National Youth Policy (2009-2014) imperatives of Education, Training and Skills development; Economic Participation; Health and Well-being; National Youth Services and Youth Work.

This assessment focused on recipients of grants (grantees) and owners of small businesses and/or start-ups, as part of the National Youth Development Agency (NYDA) nation-wide Grant Programme. The methodological approach undertaken is detailed below under section 5.

The Strategic Plan states that the grant programme is *informed by limited participation of youth in entrepreneurship and ownership of survivalist, start-ups and very small businesses. The programme seeks to give youth a chance to experiment with entrepreneurship especially survivalist businesses and start-ups.* It was against these objectives that we sought to understand, via interviews conducted with grantees, their perspectives, their perceived benefits, any challenges experienced in relation to the programme as well as any recommendations they noted aimed towards enhancing the programme. A review of documentation, specific to the programme, was conducted prior to questionnaire development. The findings herein offer some important insights to the programme, from which recommendations were developed, as informed by grantees' perspectives and experiences.

2. BACKGROUND

Youth are an area of increasing concern for Governments and international development actors, globally. This concern stems from the fact that nearly half of the world's population is under the age of 25.¹

Youth unemployment is not unique to South Africa; it is a global phenomenon. According to the International Labour Organization (ILO), there are about 71 million unemployed youth, aged 15–24 years, globally in 2017, with many of them facing long-term unemployment.² At the end of 2016, there were just over 20 million young people (i.e. people aged between 15 and 34 years) in South Africa. Of these, 6.3 million were employed, 3.7 million were unemployed but looking for work (the definition of unemployment used to calculate the 'narrow' unemployment rate), 2.1 million were unemployed, but were no longer looking for work (the 'discouraged' workers used when calculating the expanded rate of unemployment), and eight million were not economically active. Of those who were not economically active, five million were still in school and around a million more were in some other form of educational institution or engaged in adult basic education. Overall, about 7.5 million young people (nearly 40% of all young people) were so-called 'NEETs' – not in employment, education or training.³

South African youth face multiple structural, systemic and socio-cultural challenges that have an impact on their chances of participating in the economy. Relatively low macroeconomic growth rates, poor quality education, low levels of high-value skills, and a low incidence of entrepreneurship means new economic opportunities created are dwarfed by the number of youths coming into the job market every year.⁴

At the same time, a youth dividend stems from the sheer demographic weight of youth and the fact that the current generation of young people in South Africa is undoubtedly the most educated in the country's history. This demographic dividend is viewed as an opportunity to significantly grow the economy.

As a means to address the above noted challenges, entrepreneurship development, can aid economic growth, economic competitiveness, economic independence, self-esteem, job creation, social welfare, as well as political stability and national security of a country.⁵

¹World Development Report 2007: Development and the Next Generation, quoted in http://www.usaid.gov/about_usaid/acvfa/eg_recommendations.pdf.

² <http://www.statssa.gov.za>: Youth unemployment still high in Q1: 2018

³ The Centre for Development and Enterprise (2017) 'No Country for Young People: The crisis of youth unemployment and what to do *about it*'.

⁴ NYDA Draft Integrated Youth Development Strategy (2011)

⁵ Fonjong, L. 2004. Challenges and coping strategies of women food crops entrepreneurs in Fako Division, Cameroon. *Journal of International Women's Studies*, 5(5):1-17.

Entrepreneurship development in the form of Small, Medium and Micro Enterprises (SMME) is high on the policy agenda of almost all countries in the world, as successful enterprises can generate additional employment opportunities and contribute to the economic growth of a country.⁶

Youth entrepreneurship has been identified as one of the best-suited solutions to unemployment⁷ and is central to the strategic objectives of the Grant Programme. According the Global Entrepreneurship Monitoring (GEM) report (2016/2017) South Africans continue to report strongly positive societal attitude towards entrepreneurship, which bodes well for a programme that seeks to support youth in economic participation.

⁶ Cassia, L., Criaco, G. and Minola, T. 2012. 'Overcoming barriers in the entrepreneurial process of youth: the importance of support programs', in Muffatto, M. and Giacon, P. (Eds.): *Entrepreneurial Strategies and Policies for Economic Growth*, Conference Proceedings of the International Symposium on Entrepreneurship and Innovation ISEI, 24–25 May 2012, Libreria Universitaria Edizioni, Venice, pp.647–664.

⁷ Sharma, Y. 2013. Women Entrepreneur in India. *IOSR Journal of Business and Management*, 15(3): 9-14.

3. PUBLIC AND PRIVATE YOUTH INTERVENTION PROGRAMMES

The Government of South Africa (GoSA) recognises the challenges of poor economic participation of young people and has in place numerous policy interventions geared towards bringing youth into the mainstream of the economy to enhance social inclusion and cohesion.

GoSA recognises, as outlined in the National Development Plan, the role social protections play and can assist in employment creation: *Social protection is at the heart of reducing poverty and inequality. It combines the objectives of alleviating and preventing poverty and protecting individuals against social risks, as well as empowering individuals to seize opportunities for decent employment and entrepreneurship. It should enable a degree of security in normal times and serve as a safety net in times of crisis.*

The National Youth Policy (NYP) for 2015–2020 (NYP 2020) is developed for all young people in South Africa, with a focus on redressing the wrongs of the past and addressing the specific challenges and immediate needs of the country's youth. The NYP 2020 speaks to the new challenges that South Africa's youth face and seeks to create an environment that enables the young people of South Africa to reach their potential. The policies, mindful of the global economic challenges that affect South Africa, identifies the mechanisms and interventions that will act as catalysts to help clear critical blockages and achieve this positive environment.⁸

The National Development Plan (NDP) aims to eliminate poverty and reduce inequality in South Africa by 2030. It recognizes constraints on growth and serves as a guide to a more inclusive economy that will address the country's socio-economic imbalances. It seeks to strengthen youth service programmes and introduce new, community-based programmes to offer young people life-skills training, entrepreneurship training and opportunities to participate in community development programmes.⁹

Further, the Plan notes that a growing economy, rising employment and incomes, falling inequality, an improving education system, fertile conditions for entrepreneurship and career mobility will contribute significantly to uniting South Africa's people.

⁸ NATIONAL YOUTH POLICY 2015-2020

⁹ National Development Plan 2030

The Department of Economic Development (EDD) introduced a short-to-medium term multi-pronged strategy that aimed to propose interventions that provide young people with income and opportunities and encourages community service and engagements around targeted programmes to enable entry into the economic mainstream. The NYDA drafted the Integrated Youth Development Strategy (IYDS, 2011).

This Youth Enterprise Development Strategy (YEDS)¹⁰ is a direct response to the call made by the National Youth Policy as amended for each department to contribute towards the economic development of young people in the economy. It is also an additional instrument in support of the (IYDS) with the key mandate of implementing the following interventions geared towards the economic participation of young people, namely youth work, national youth services, and education and skills relevant to economic empowerment.

South Africa's Department of Trade and Industry (DTi), with the intention of boosting economic growth and broader participation in it, has amongst others established an institutional framework to support SMMEs.¹¹ The framework is known as the National Youth Economic Empowerment Strategy and Implementation Framework (NYEESIF) for 2009-2019 (DTI, 2009). The aim of the framework is to improve the quantity and quality of youth entrepreneurship and technical knowledge, minimizing poverty and unemployment among the county's youth (DTI, 2009).

In the midst of all the aforementioned development plans and programmes, the Government created or supported the Black Economic Empowerment (BEE) initiative, the Small Enterprise Development Agency (SEDA), the Small Enterprise Finance Agency (SEFA), Small Business Development Institute (SBDI) and, most recently, the Department of Small Business Development.

In addition, a number of provincial governments have launched their own enterprise development initiatives, a prime example being the Gauteng Enterprise Propeller (GEP). The private sector has been very supportive and gotten involved in various Government and development partner initiatives, such as the BEE and the UNDP-supported Supplier Development Programme (SDP).¹²

¹⁰ Integrated Youth Development Strategy (IYDS) 2011 to 2021.

¹¹ Nieman and Nieuwenhuizen, (2009) Entrepreneurship: **A South African Perspective**

¹²http://www.za.undp.org/content/south_africa/en/home/operations/projects/poverty_reduction/supplier-development-programme-.html

A number of multi-sectoral initiatives have also been undertaken. For instance, in 2013, Government, business, community organisations, youth organisations and organised labour signed a Youth Employment Accord, a collective effort to cooperate in empowering youth with skills and prepare them for decent jobs.¹³

The United Nations Development Programme (UNDP) report entitled ‘SMALL BUSINESS IS BIG BUSINESS’: A UNDP Perspective on SMME Development in South Africa notes that despite all these initiatives, the growth of small business has remained stubbornly anaemic. The failure of SMMEs to blossom in South Africa may be attributed to a number of factors, some of them well-known. These include inadequate access to finance, limited market access, poor business skills and networks, insufficient research and development, and limited engagement of the private sector. In addition to these rather classic challenges, South Africa faces a unique and difficult hurdle. The long years before liberation and freedom were very poor preparation for entrepreneurship, particularly among black and other disadvantaged groups. Most, particularly youth and women, were not equipped with technical or entrepreneurial skills or opportunities. Indeed, the informal sector was practically inexistent. In response, the Government has launched a massive social protection programme, which has led, in some cases, to a sense of dependence on, even entitlement to, such assistance by some of these groups.¹⁴

A number of experts commented on how difficult it is to access basic information from the government on starting and growing a business in South Africa. ¹⁵ Some have noted: *“it’s all about access to information, to markets and to capital. All the government support agencies and the Department of Small Business Development have promoted the ‘availability’ of all three on paper a number of offerings, more than ever, exist and seem extremely positive. Once you inquire, however, especially via telephonic or web-based platforms, a complex level of dysfunctionality arises, especially for grass-roots entrepreneurs. Then, the DSBD’s website (almost the only point of access to information) is more of an obstacle to the access of information than an enabler. If you know where to look for ‘SMME support’ on, for example, the DTI’s website, you get empty and non-active links. Information on the website is often more than a year old; in other cases, offerings are good, but no application forms are provided”*¹⁶

¹³ United Nations Development Programme (UNDP) report entitle ‘SMALL BUSINESS IS BIG BUSINESS’: A UNDP Perspective on SMME Development in South Africa (2014)

¹⁴ United Nations Development Programme (UNDP) report entitle ‘SMALL BUSINESS IS BIG BUSINESS’: A UNDP Perspective on SMME Development in South Africa (2014)

¹⁵ GEM 2016/17)

¹⁶ Ibid

There are also private institutions that are enthusiastic about improving the level of youth entrepreneurship in the country, through pioneered initiatives to youth. These include South African Breweries (SAB), which runs the Kick-start Programme to start-up and grow entrepreneurial venture amongst youth, since May 1995. *South African Breweries (SAB) Kick-start Programme* is a youth entrepreneurial programme (competition-based) aimed at assisting small business owners who are between the ages of 18 and 35 who want to elevate their businesses to new heights. They have invested over R100 million in entrepreneurial development, supported 24 558 entrepreneurs and empowered 3 458 youth-owned businesses in South Africa.

SAB KickStart is *a supplier readiness programme* that's built around a key objective: Enabling high potential youth owned business to become suppliers of various organisations in the private and public sector, thereby fast-tracking the transformation of the economy. A large focus of the programme addresses the key challenges met by small business owners- accessing supply chains. Supply chain readiness includes access to operational processes and tools, business skills support, fit for purpose mentorship, financial and non-financial resources, and an overall level of competitiveness driven by the right capabilities and capacity that will ensure delivery as an emerging supplier.¹⁷

The Junior Achievement South Africa (JASA), a section 21 company with the reputation of offering business and entrepreneurial programmes to learners in and out of school, across the country. *Junior Achievement South Africa (JASA) offers young opportunity makers an experiential platform where they explore real business activities.* Through our innovative and dynamic programmes, 38 years on, we assist in developing a thriving small business sector in South Africa and nurturing young entrepreneurs.

Examples of their programmes area as follows:

- **ENTREPRENEURSHIP ACADEMY PROGRAMME:** Grade 10 – 11 (7 – 8 months, 3 hrs/ week). This programme *incorporates the entrepreneurial, financial literacy and workplace readiness facets, as well as micro-economics and business ethics.* Acceptance onto *this programme is subject to a selection process* and in addition to a JA South Africa certificate, graduates also receive an NQF level 2 Services Seta certificate.
- **YOUTH ENTERPRISE DEVELOPMENT PROGRAMME:** Out-of-school youth (20 weeks, 3 hrs/week). This *incubator style programme* is run over three months, during which students are required to start up and run a sustainable business with on-going support and mentorship for a second six months after the course work is complete. Graduates receive JA South Africa and an NQF level 4 Services Seta certificate.

¹⁷ <https://www.sabentrepreneurship.co.za/kickstart>

4. NYDA AND GRANT PROGRAMME

It is clear that access to finance is a significant constraint for early-stage entrepreneurs in South Africa and has a profound effect on business sustainability.¹⁸

4.1. The National Youth Development Agency (NYDA)

The National Youth Development Agency (NYDA) was established in 2009, following a merger between Umsobomvu Youth Fund and the National Youth Commission.

The Agency derives its mandate from the legislative frameworks, including the National Youth Development Agency Act, 2008 (Act 54 of 2008) (NYDA Act), the National Youth Policy (2009–2014) and the draft Integrated Youth Development Strategy. The Agency assumed and improved the operational platform developed by both UYF and NYC, which rendered the Agency operational with immediate effect. In addition, the staff component of its predecessors was also incorporated into the NYDA.

The NYDA is a South African-based agency established primarily to address challenges faced by the nation's youth. The NYDA was established by an Act of Parliament, (Act 54 of 2008). The institution was established to be a single, unitary structure addressing youth development issues at national, provincial and local government level. The Agency should be seen within the broad context of South Africa's development dynamics.

The NYDA plays a leading role in ensuring that all major stakeholders, i.e. government, the 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 may be clustered as follows:

- ✚ At an individual level (micro level), the NYDA provides direct services to youth in the form of providing information, career guidance services, mentorship, skills development and training, entrepreneurial development and support and grant funding, 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.

¹⁸ Global Entrepreneurship Monitoring (GEM) Report (2016/2017) South Africa

- ✚ 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.¹⁹

With unemployment and a lack of skills amongst young people noted as a ticking time-bomb, by some, the state prioritised to tackle these problems through quality education, skills training, internship provision and various business support programmes, and which the National Youth Development Agency (NYDA) – formed in 2009 – has been mandated to carry out.

4.2. The Grant Programme

In May 2013, the NYDA shifted its core focus from enterprise finance to skills and education and instead of offering loan finance to young people, it now offers grant finance of between R1000 and R100 000 to individual and youth co-operatives.

NYDA partnered with Industrial Development Corporation (IDC) and the Small Enterprise Finance Agency to assist youth-owned businesses with funding and support over a period of five years. This R25 million grant programme offers both financial and non-financial support to qualifying young entrepreneurs between the ages of 18 and 35.

Some 600 small to medium enterprises benefit from the financial portion of the NYDA Grant Programme per year. These businesses consist of individual ventures and cooperatives. Additionally, many more can benefit from non-financial business support services including branding, marketing and website development.

4.3. Context

*The objective of the Grant Programme is to provide young entrepreneurs an opportunity to access both the financial and non-financial business development support to establish their survivalist businesses. The programme will focus on youth entrepreneurs who are just coming into existence and beginning to display signs of future potential but not yet fully developed.*²⁰

The NYDA recognizes that South African youth face multiple structural, systemic and socio-cultural challenges that have an impact on their chances of participating in the economy in particular the low incidence of entrepreneurship means new economic opportunities created are dwarfed by the number of youths coming into the job market every year.²¹

There is no simple solution to the youth un- and underemployment challenge, but strategies that include education and skills development as well as entrepreneurship development, are documented as solutions orientated.

¹⁹ NYDA Annual Report

²⁰ NYDA Website

²¹ NYDA Draft Integrated Youth Development Strategy (2011)

The NYDA Strategic Plan states that the grant programme is informed by limited participation of youth in entrepreneurship and ownership of survivalist, start-ups and very small businesses. ***The programme seeks to give youth a chance to experiment with entrepreneurship especially survivalist businesses and start-ups.***

What is important here is the uniqueness of the Grant Programme, besides meeting the challenges and possible solution as laid down in the NDP, is the opportunity for youth to participate and experiment with entrepreneurship.

The context as noted by Cichello (2005) remains important: self-employment is a risky venture and the poor and unemployed, who are already financially extremely vulnerable, often find it impossible to contemplate taking on the additional risks associated with unemployment. In South Africa, entrepreneurial activity is hindered by a poor skills base as well as severe environmental limitations including poverty, a lack of active markets and poor access to resources. It is therefore, perhaps, not surprising that many South Africans do not regard entrepreneurship as a viable choice.²²

Thus, the Programme enables youth, who meet the criteria and submission requirements, to 'ease into' or 'fully emerge into' the world of business. For some, as our assessment shows, the Programme has enabled significant growth including new hires, for others, it is a significant beginning.

The notion of an experiment may be considered risky in terms of financial cost (we have conducted a cost-benefit analysis included in this report) and the return benefit to youth and their communities. A number of important factors are considered here: the first being, the conditions and disadvantages that youth currently face in South Africa; second, the risk of high numbers of youth without employment prospects and the social issues that can arise from this; and third, research has shown that experimenting in business (in the case of the programme with low start-up capital) can provide 'stepping-stones' to formalising or growing a business. There are additional considerations.

Indeed, what appears lacking on a wider scale is the understanding and empirical evidence to show what is working for youth as entrepreneurs in South Africa. Our recommendations speak to this critical area.

However, given the recent decrease in participation in entrepreneurial activities by youth, a 40% decrease, compared to 2015, needs immediate addressing. Further, there are fewer than four established businesses for every ten early-stage entrepreneurs, which implies that there are likely to be problems with sustainability of start-ups. Due to these differences, the Global Entrepreneurship Monitor (GEM) Report (2016/2017) questions the feasibility of the businesses started, the abilities and ambitions of the

²² GEM Report (2016/2017)

entrepreneurs themselves, and limiting factors in the environment. Our assessment covers the grantees perspectives on these urgent issues.

5. METHODOLOGY

A mixed-methods approach was utilised, which enabled the combination of qualitative and quantitative complementary research methods in efforts to enhance the strengths embodied in each method, whilst eliminating the prevalent methodological flaws in each. Therefore, combining qualitative and

quantitative methods, in this way, allows for the supplementation of the validity and reliability of the information gained.

For this impact assessment, the methodological approach included a document review/literature review and survey questionnaires (demographic and entrepreneurial categories) which was assimilated and utilised together with qualitative in-depth Interviews /Computer-Aided Personal Interviews (CAPI) and Computer- Aided Telephonic Interviews (CATI).

5.1. Research Tools

A survey tool was designed and uploaded onto a CATI system, an interview guide was developed, and the application of a desktop review were all utilised towards ensuring that the study's objectives were achieved.

5.1.1. Survey Tool

IRC developed a qualitative instrument in the form of a semi-structured questionnaire that allowed us to gather data on demographics and understand the 'entrepreneurial characteristics' of recipients, which included information on *inter alia*: locus of control; passion; creativity and innovation; need for achievement, dream and vision for the business and how grantees would get there, and related areas. The instrument was uploaded to tablets that were used during the data collection process and later, all collected data was stored safely on servers.

The instrument was designed specifically to cater for the needs and responses of face-to-face interviews as well as telephonic interviews. The instrument was designed to collect data that would answer the following, at minimum:

- + *Cost benefit analysis of the programme*
- + *Stakeholder perceptions of the programme*
- + *Has the programme resulted in any meaningful impact to the benefit of all stakeholders?*
- + *Determine which objectives resulted in any meaningful impact to the beneficiaries of the programme*
- + *Current challenges that all stakeholders are encountering and potential solutions to the said challenges.*
- + *How grant programme can be scaled up.*
- + *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 gaps that are inhibiting the youth owned enterprises from being successful and determine the causes of the gaps or lack of performance (if any).*
- + *Highlight successes and record them as benchmarks for other businesses that will be supported in the future.*

The instrument was developed using information sourced from initial engagements held with NYDA from the project management team at the inception meeting, as well as from the findings emanating from the document review. The instrument was shared with NYDA before being used in the field for data collection and subsequently signed off on.

5.2. Data Collection Methods

5.2.1. Document Review

The document review was based on two components:

- ✚ Internal desk top research review
- ✚ External literature review

The *internal desk top research review* comprised of a systematic review of relevant NYDA internal documents related to the organisational landscape, which included a close examination of the Grant Programme, its related strategic objectives, interventions, other internal data sources available and relevant to benchmark metrics for the outcomes set within the strategic objectives.

The *external literature review* sourced relevant open source information that would provide context and information regarding youth entrepreneurship and other macro-and micro- economic dynamics that could impact on the responses to the initiatives during the implementation period. These include macro socio-economic conditions, legislative developments and changes, major world and local events, PESTLE Analysis etc.

In addition, IRC used the Global Entrepreneurship Monitor (GEM) South Africa Report (2016/2017) '*Can Small Businesses Survive in South Africa?*' as part of our analysis framework, where relevant.

5.2.2. In-Depth Interviews / Computer-Aided Personal Interviews

Semi-structured interviews were conducted with individuals who were sampled from the database provided by NYDA. These individuals were based in North West, Gauteng and Mpumalanga Provinces. A selection of participants was undertaken in consultation with NYDA personnel. After being unable to reach many participants, due to them being no longer

contactable, in consultation with NYDA head office, a selection of participants was conducted IRC and NYDA branches based on their internal knowledge of grantees. For data validity purposes, data from the interviews consisted of field notes (e.g. cases study notes, observations, notes from respondents, etc.).

5.2.3. Computer -Aided Telephonic Interviews

Telephone interviews allowed for a systematic means of collecting data from a sample that was otherwise not available for personal interactions. Therefore, our dedicated team of researchers employed a standardized semi-structured questionnaire, limiting the capturing time thus minimising the occurrence of human error. This was also a requirement from NYDA.

Telephonic interviews were conducted using CSPro programme. CSPro is a comprehensive system for Computer-Assisted Personal Interviewing (CAPI) that provides complete capabilities for designing, administering, and managing telephone-based research operations. The data was entered into the computer as the interview was being conducted, thereby eliminating any potential subsequent data-entry errors.

5.3. Sampling

The Terms of Reference (TOR) clearly highlighted the sample of beneficiaries that should be visited in the impact assessment and they are as follows;

Table 1: Proposed Sample

PROVINCE	DATA COLLECTION METHOD	
	CAPI	CATI
Gauteng	40	
North West	20	
Mpumalanga (Emalahleni)	20	
Limpopo (Polokwane)		20
Kwa-Zulu Natal		30
Western Cape		20
Eastern Cape		30
Free State		20
Northern Cape		20
Sub Total	80	140
GRAND TOTAL	220	

Random sampling methods were utilised on the database received from the NYDA to get the sample size as indicated above. However, we had to perform a purposive random sampling when at the NYDA local branches in Gauteng (Tshwane, Johannesburg & Maponya Mall), North West (Rustenburg) and Mpumalanga (Emalahleni) because most of the sampled beneficiaries could not be traced from the contact details provided. In addition, due to the limited time for this rapid assessment, it was deemed necessary to conduct

purposeful/purposive random sampling from the beneficiaries that the branch officials could trace.

Below is a breakdown of the actual number of beneficiaries that took part in this evaluation.

Table 2: Actual Sample

PROVINCE	DATA COLLECTION METHOD	
	CAPI	CATI
Gauteng	31	
North West	12	
Mpumalanga (Emalahleni)	20	
Limpopo (Polokwane)		15
Kwa-Zulu Natal		15
Western Cape		20
Eastern Cape		20
Free State		20
Northern Cape		10
Sub Total	63	100
GRAND TOTAL	163	

5.4. Evaluation Limitations

5.4.1. Availability of grantees

The assessment was limited by the unavailability of the grantees. These potential respondents unfortunately did not respond to the numerous telephone calls and in some instances, they no longer resided at the addresses provided in the documentation.

In noting the above challenge, it remains imperative to note that the unavailability of these potential respondents did not in any way hamper or jeopardise the validity of the conclusions drawn in this report.

5.5. Data Collection & Analysis

A protocol was developed in order to ensure a standardized and objective process was in place. This included an information sheet for participants' completion in order to share a uniform understanding of the study's background and the aims of the assessment. Also included, was a uniform telephonic interviewing script as well as the actual questionnaires.

Data collection entailed the collection and collation of qualitative data through interviews and site observations conducted locally, where applicable. Due to the tight timeline for the evaluation, data collection followed the most efficient format.

During the data collection phase, a sample of responses were back checked after 10%, 30%, 50% and 70% completion to ensure the credibility of the findings. In total 20% of all respondents are back checked for quality purposes.

Key themes from interviews and discussions were relayed and observations made reported on in response to evaluation questions as part of the findings.

Basic output descriptive statistic in the form of frequencies, relative ranking and importance of perceptions, barriers and success drivers were examined. In addition, inferential statistics were applied to evaluate significance of differences during time periods (to show impact), regression analysis to enable driver analysis.

5.6. Research Ethics

Research is not a right; it is a privilege bestowed on the researcher by the public. The basis for this honour is trust. The basis for trust is accountability.

- ✚ One-way IRC ensured accountability was by documenting all interactions with respondents/participants. Specifically, we obtained informed consent of all participants, verbally, prior to conducting the interview. More important, by doing so we respected the rights of participants to voluntary participate in this assessment and confirm that they understand the true purpose and goals of the project.
- ✚ As noted above, we developed a comprehensive protocol for the project that included the research instruments, calling script, and overall ethical considerations for this project. At the start of all interviews, participants were informed orally of the purpose and nature of the study, and its expected benefits to the wider grant programme.
- ✚ Participants were also be informed before the beginning of the interview that the interview includes questions related to their business and how they feel about the grant programme. They were also informed about the length of the interview and that they are free to refuse to respond to any of the questions and/or cease the interview at any time.
- ✚ Participants were also be informed that the data collected would be held in strict confidence, and confidentiality would be maintained.

It should be noted that no ethical challenges were encountered and that this report is a true reflection of the research done.

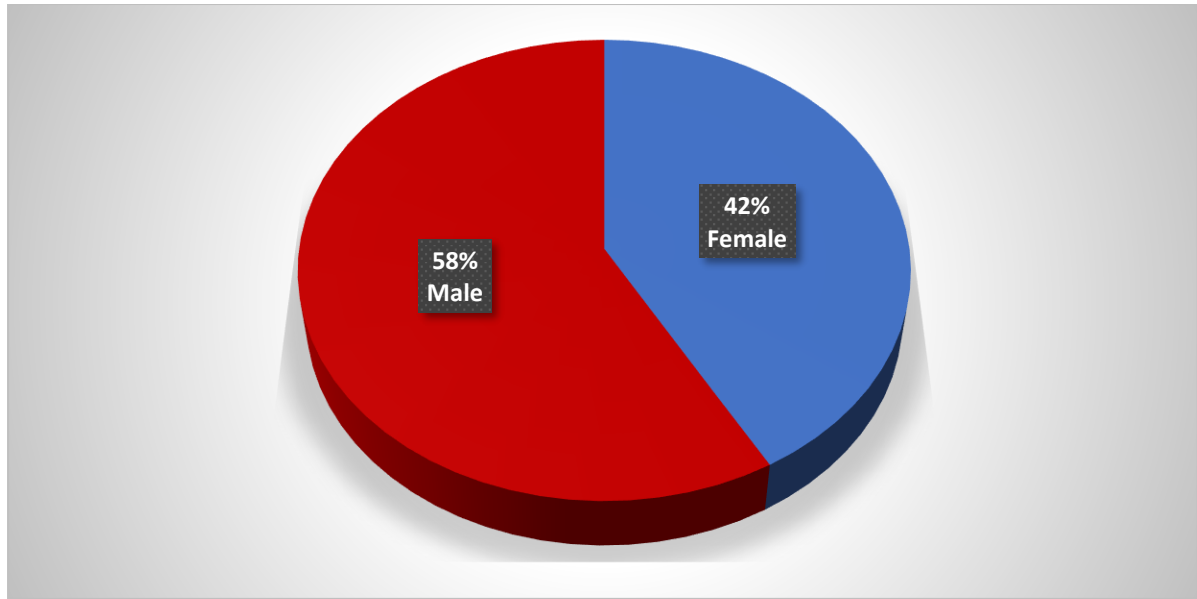
5.7. Validity and Reliability

According to Rossouw (2003:122-123), validity and reliability are essential in both quantitative and qualitative research. This means that the findings and conclusions of the study must be credible and truthful in the eyes of readers and users of the research (Somekh & Lewin, 2005:348). In this study, validity and reliability was enriched through the use of the 2 different data collection methods and data analysis methods; reference to the existing body of knowledge and prolonged involvement of the researchers with the respondents, in order to have a clear understanding so as to eliminate misconceptions during data collection/analysis (Rossouw, 2003:123).

6. FINDINGS

6.1. Entrepreneur Profile

Figure 1: Entrepreneur Profile

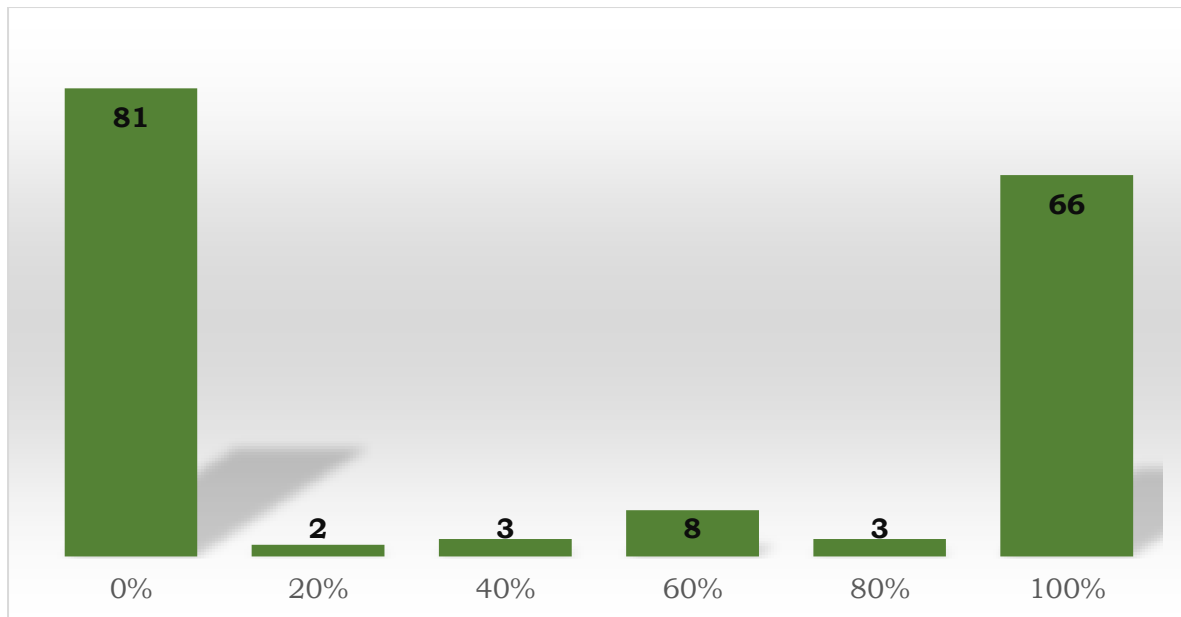


In our sample, male entrepreneurs were in the majority (58%) but female entrepreneurs (42%) were not far behind.

The Global Entrepreneurship Monitor (GEM) Report South Africa (2016/2017) cites that 2016 has seen a resurgence in early-stage entrepreneurial activity among Black Africans, who now make up three-quarters of the entrepreneurial population. Further, it notes that the increase in Black African entrepreneurial participation is driven by a robust increase in opportunity-motivated entrepreneurship - Black African entrepreneurs are 2.7 times more likely to be motivated by opportunity than by necessity (compared to 1.8 times more likely in 2015).

6.2. Business Ownership

Figure 2: Female Owned Businesses



40% of the businesses visited for this study are fully owned by women while 49.7% of the visited businesses are owned by men. The remainder 10.3% is owned by females who are co-owners with males in business.

It is important to note that the 2016/2017 GEM report shows a decline in South Africa's overall total early stage entrepreneurial activity (TEA) rate from 9.2% to 6.9% in 2016 and this was mainly due to decreased entrepreneurial activity among South African men.

The South African Government has prioritised the advancement of businesses owned by women and youth through various initiatives including policies, preferential funding schemes and targeted support. (Madzivhandila, 2014; Sanyal & Hisam, 2015)

The gap in entrepreneurial participation between male and female entrepreneurs is lessening and this might be attributed to initiatives by the Government and other similar initiatives that have started to bear fruit.

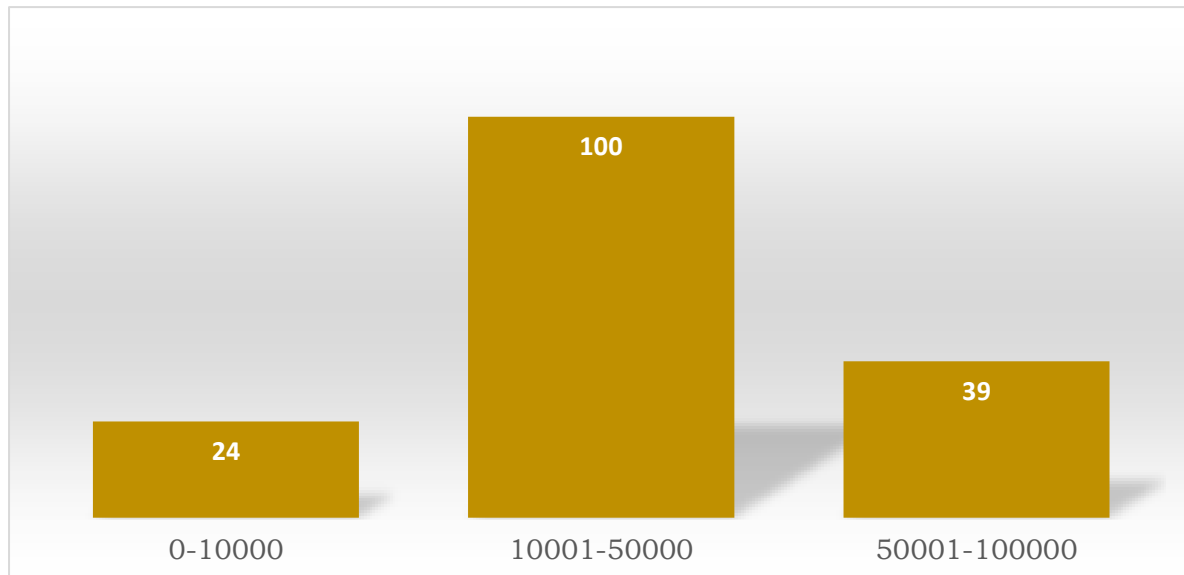
²³

6.3. Grant Threshold Accessed

²³ The Seed Academy's Real State of Entrepreneurship Survey 2017

The grantees who took part in the study indicated that they had accessed the grant from the three thresholds – Idea generation and survivalist, Start-ups PTY and Cooperatives and Expansion Stage PTY and Cooperatives. It should be noted that a fourth threshold – Expansion Stage PTY and Cooperatives was introduced by the NYDA, but the grantees who were visited either did not know about it or did not qualify.

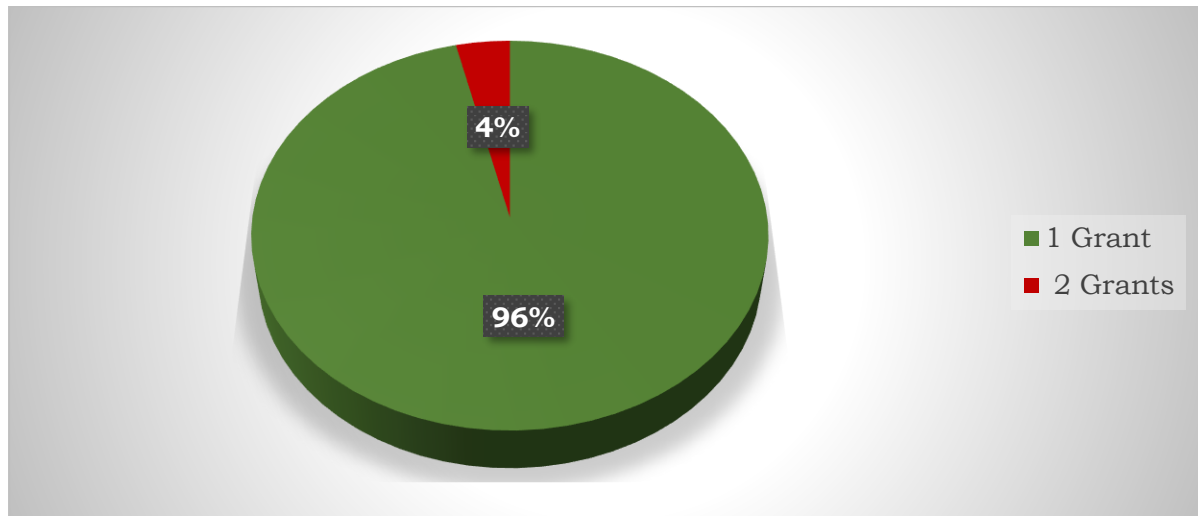
Figure 3: Grant Amount Received



61.3% (majority) of the grantees qualified for Threshold 2 – Start-ups and Cooperatives (R10,001 – R50,000) an indication **that most businesses had endured through the initial stages of the business cycle and are consistently generating revenue and adding new customers.** Some of these businesses are maintaining a small profit margin that allows them to continue operating. **24% of the grantees' businesses are at Growth stage which qualified them for Threshold 3 (R50,001 – R100,000). These businesses have established their presence in the communities where they operate and have realistic growth strategies in place.** They reported experiencing significant growth in revenue and cashflow. The remainder 14.7% of the businesses visited qualified for Threshold 1 – Idea generation and survivalist (R1000 – R10,000). They had ideas which were worth pursuing, met the grant criteria and made the business entities legal (business registration).

6.4. Number of Grants Received From NYDA

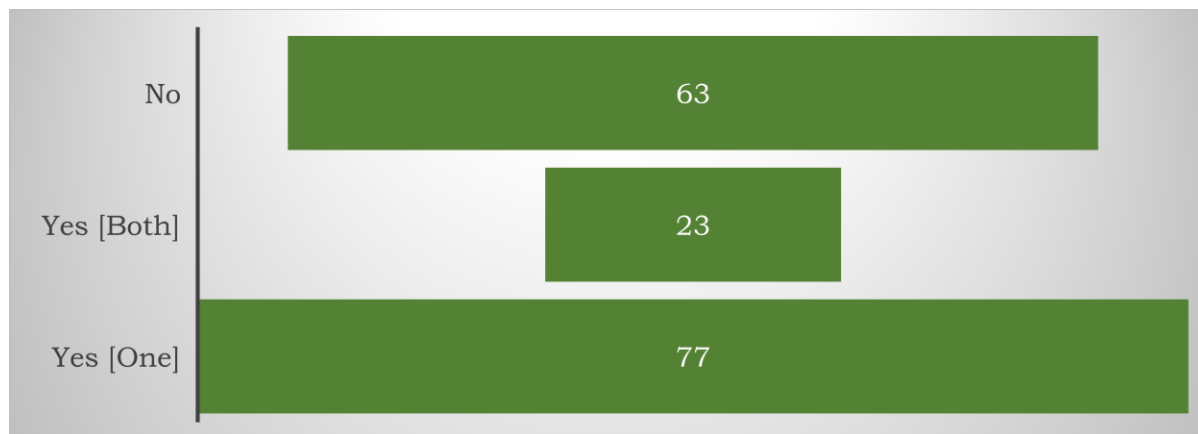
Figure 4: Number of Grants Received



One hundred and fifty-seven (157) grantees – 96%, indicated that they received one grant from the NYDA. The majority of these grantees cited not knowing that they could get a second grant as the only reason they did not apply for a second grant, even though they felt they needed it. The remainder 4% of the had grantees had received 2 grants from the NYDA and indicated how this was very helpful.

6.5. Non-Financial Support From NYDA

Figure 5: Non-Financial Support Received



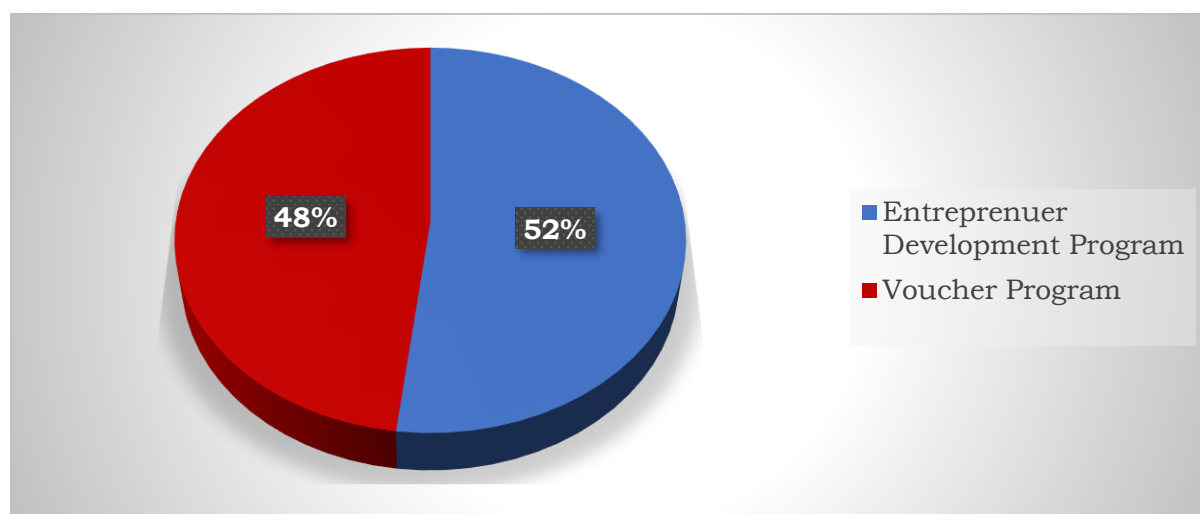
NYDA offers non-financial support through the Entrepreneur Development Program (EDP) (*program aimed at creating a conducive environment for young entrepreneurs to access relevant entrepreneurship skills, knowledge, values and attitudes for their businesses. The programme offers a package of entrepreneurship trainings that respond appropriately and adequately to the labour market and business needs of young people.*) and the Voucher Program (*a program that is designed to provide quality business development support to young entrepreneurs. This is done with aim of enhancing the young entrepreneur's participation in the mainstream economy.*).

47.2% of the grantees indicated that they had accessed support through at least one of the non-financial programs provided by NYDA. 38.6% of the grantees indicated they had not accessed any of the non-financial programs.

The **main reasons cited for not accessing this support was because they were either too busy to access the support or felt they did not need the support.** 14.2% accessed both non-financial support programs offered by the NYDA.

6.6. Break Down of Non-Financial Support Received

Figure 6: Break-down of Non-financial Support Received

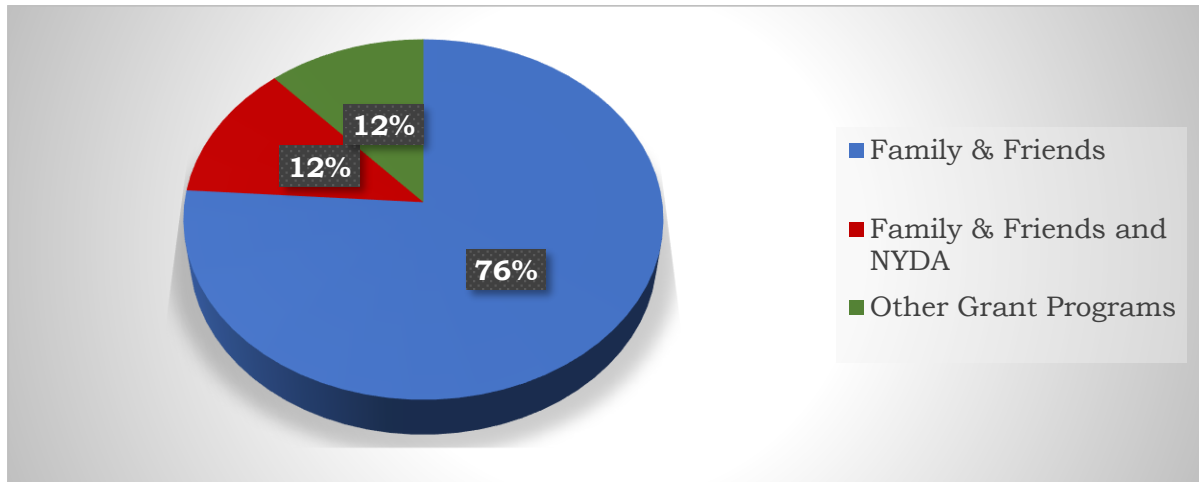


Of the 77 grantees (47.2%) who accessed support from at least one program, 52% accessed the Entrepreneur Development Program while 48% accessed the Voucher Program.

The Voucher Program experienced low numbers compared to the EDP because most grantees pointed out that the service providers sent by NYDA are not delivering as expected and this leads to most grantees opting for other options and for some of those who have accessed the Voucher Program cite poor service as the main reason they would not use the program again. However, it should be noted that not all service providers are under-delivering.

6.7. Start-Up Capital

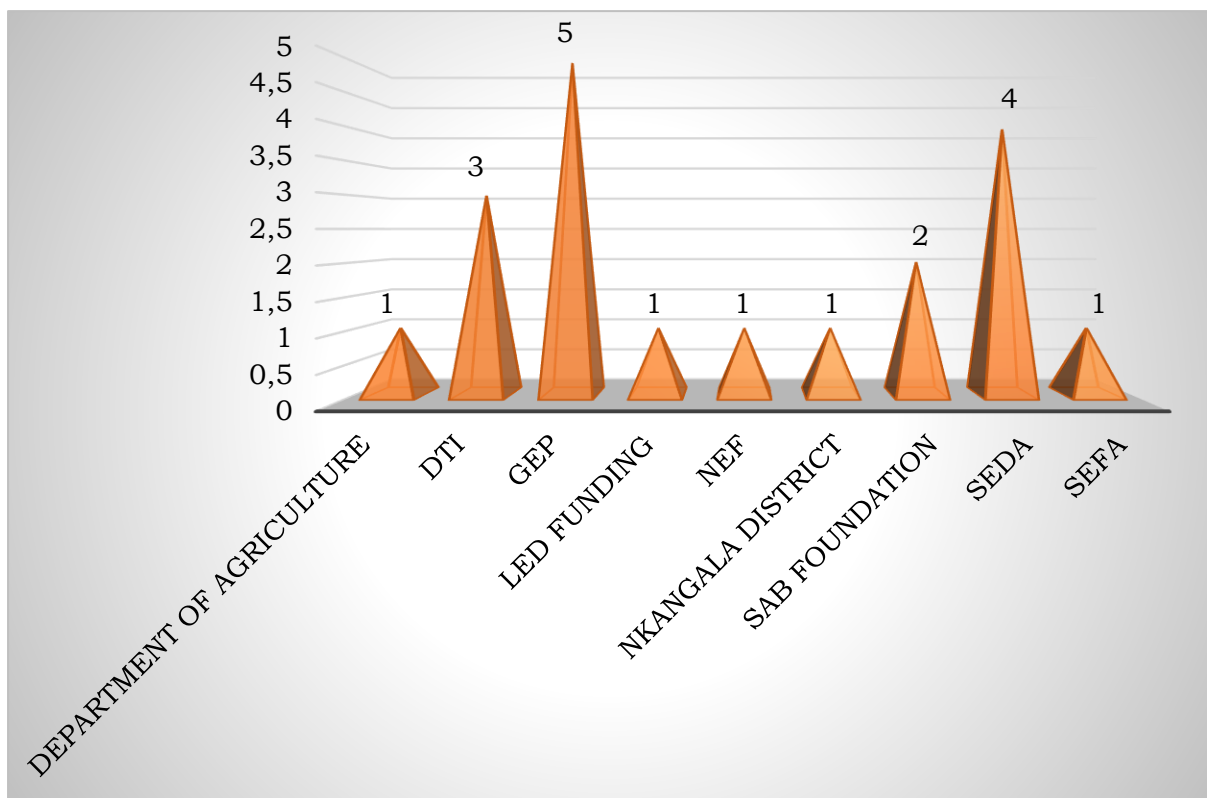
Figure 7: Start-Up Capital Funders



When asked where they got their **start-up capital**, **76% indicated that they got it from their families & friends and this also included personal savings**. 12% got their start-up capital from both family & friends and the NYDA while another 12% got their start-up capital from other grant programs.

6.8. Other Funding Sources

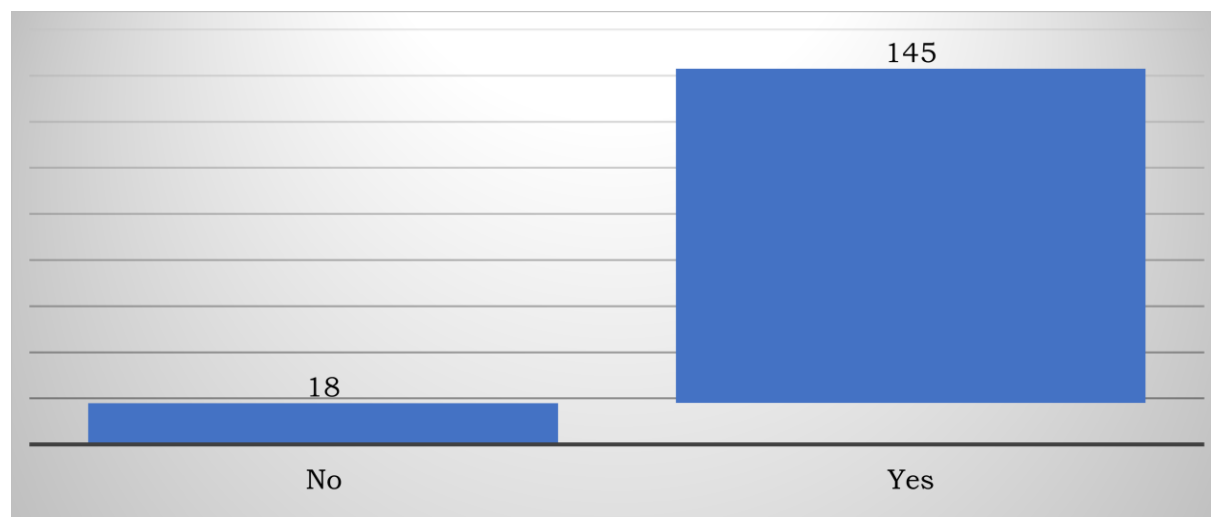
Figure 8: Other Funding Sources



As illustrated above, **the majority (26%) of the grantees got funding from the Gauteng Enterprise Propeller (GEP) this can be attributed to the fact that most of the grantees who took part in this assessment were in the Gauteng Province.** Other major funding was from Small Enterprise Development Agency (SEDA) the Department of the Trade and Industry (Dti) and South Africa Breweries (SAB) Foundation.

6.9. Formally Registered Businesses

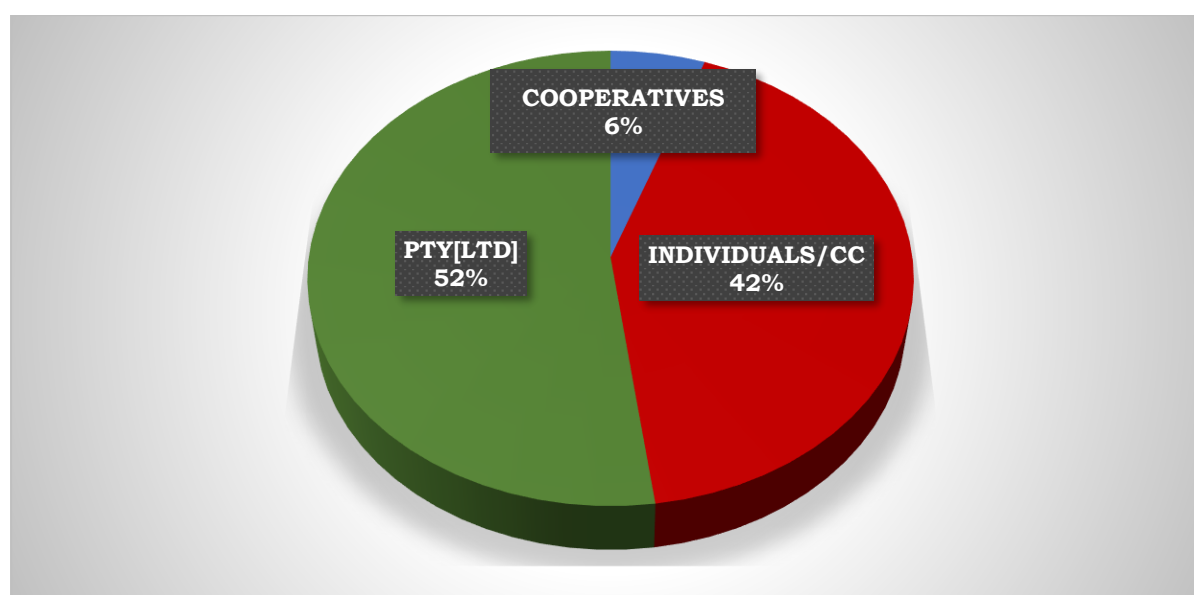
Figure 9: Registered Businesses



The majority of businesses (145 – 89.6%) are legally registered while a mere 10.4% (18) are not legally registered.

6.10. Legal Form of Registration

Figure 10: Form of Registration

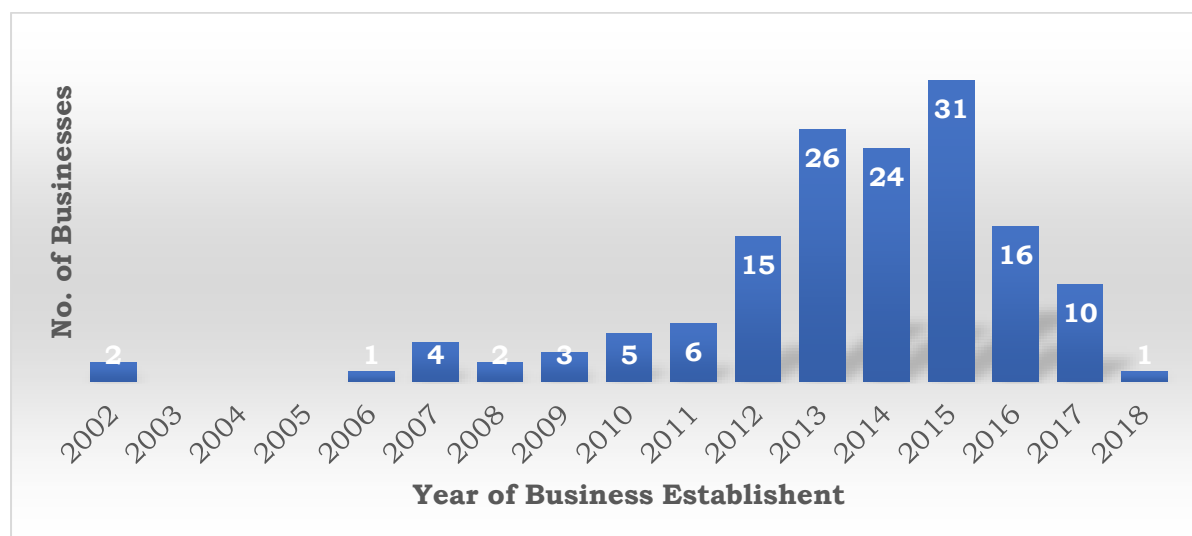


Grantees were asked what form of legal registration their businesses were registered under. **52% of the businesses are registered as PTYs and 42% are registered as Individual/CCs. A small percentage (6%) are registered as Cooperatives.**

PTY and CC registered businesses are motivated by creating value for the business owners while Cooperatives are motivated by creating value for the group members (mostly 5 members).

6.11. Age of Business

Figure 11: Age of Business

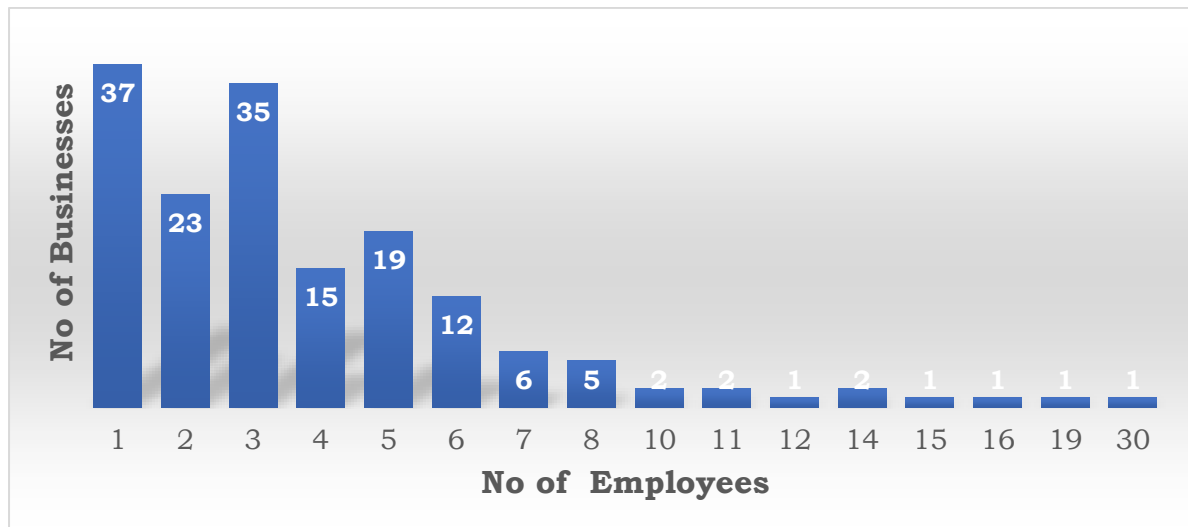


The age of businesses represented by respondents is not evenly spread from 6 Months to 16 years old. Majority of the businesses (75.4%) are between 6 months – 6 years old. Businesses older than 6 years account for 24.6%.

That close to 25% of the grantees interviewed are older than 6 years is significant in that it shows continued business activities beyond early-stage activity, and into maturity (in operation for more than 42 months).

6.12. Number of Employees

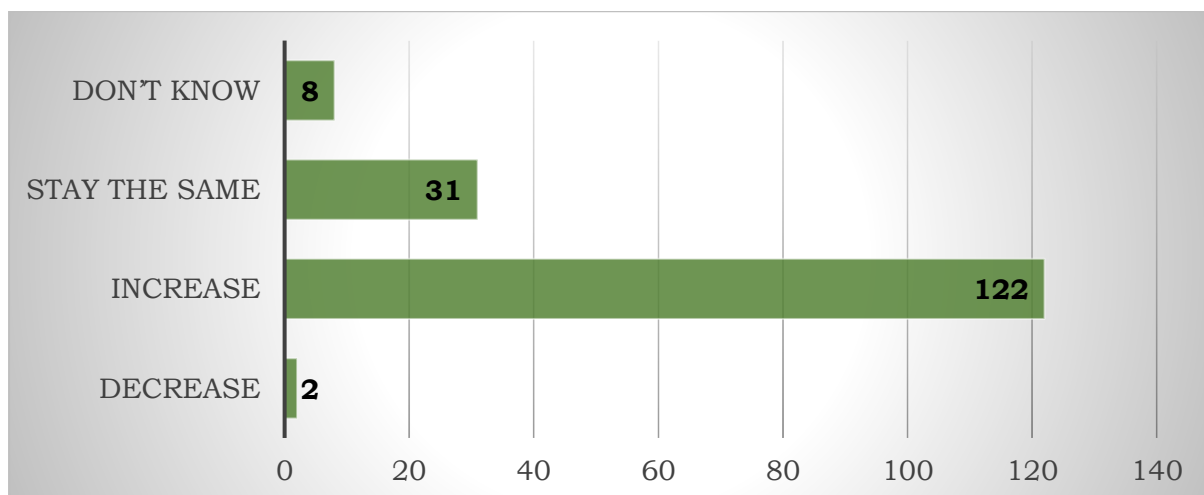
Figure 12: Number of Employees



Majority of the businesses (58.2%) have no more than 3 employees. This can be attributed to the fact that majority of the businesses are not older than 6 years therefore they can be considered to be still in the growth stage. 41.8% of the represented businesses have between 4-30 employees.

6.13. Employee Forecast

Figure 13: Number of Employee Forecast



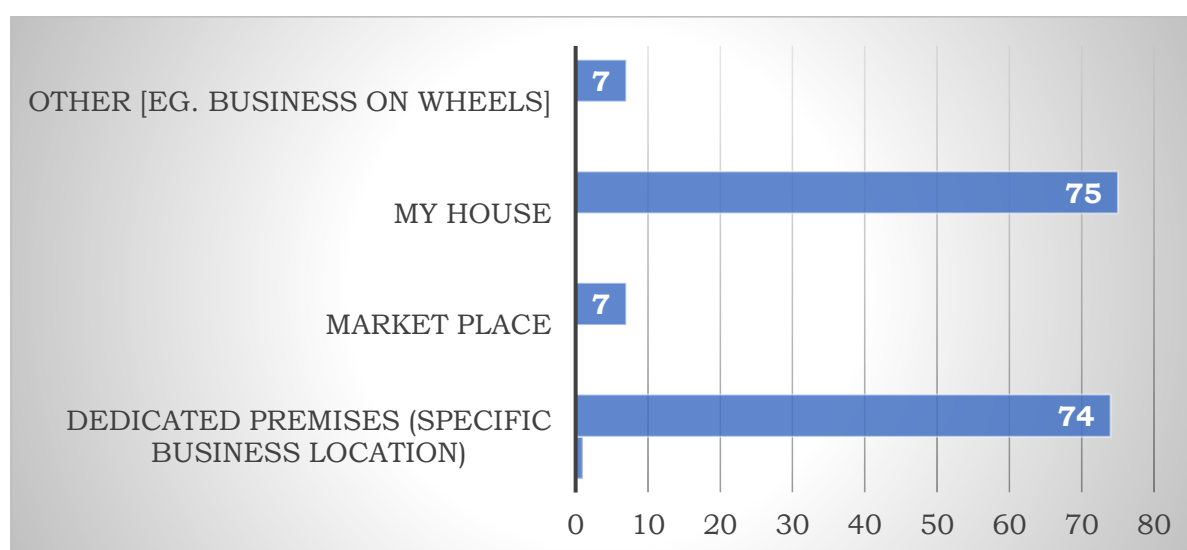
74.8% (122) of the businesses indicated that the number of employees would increase in the next 12 months with only 1.2% indicating that the number of employees would decrease. Overall, it can be noted that the majority of the businesses are expecting significant growth in the next 12 months. Only 19% indicated that the number the number of employees would remain the same. This may be attributed to the fact that most businesses are operated from home and require just the owner to operate. However, it should be noted that grantees were optimistic based on their performance.

Some grantees also indicated they were waiting on contracts before expanding and in turn increasing the number of employees.

The above is in keeping with the positive trends as found in the South Africa GEM report (2016/2017) which finds that the percentage of early-stage entrepreneurs who expect to generate no jobs within the next five years has decreased considerably since 2015 (from 30% to 14%). The report further notes that around 60% of early stage-entrepreneurs expect to create between one and five new jobs within the next five years – an increase of almost a third from 2015. The improvement in job growth aspirations may be linked to the increase in opportunity-driven TEA.

6.14. Business Premises

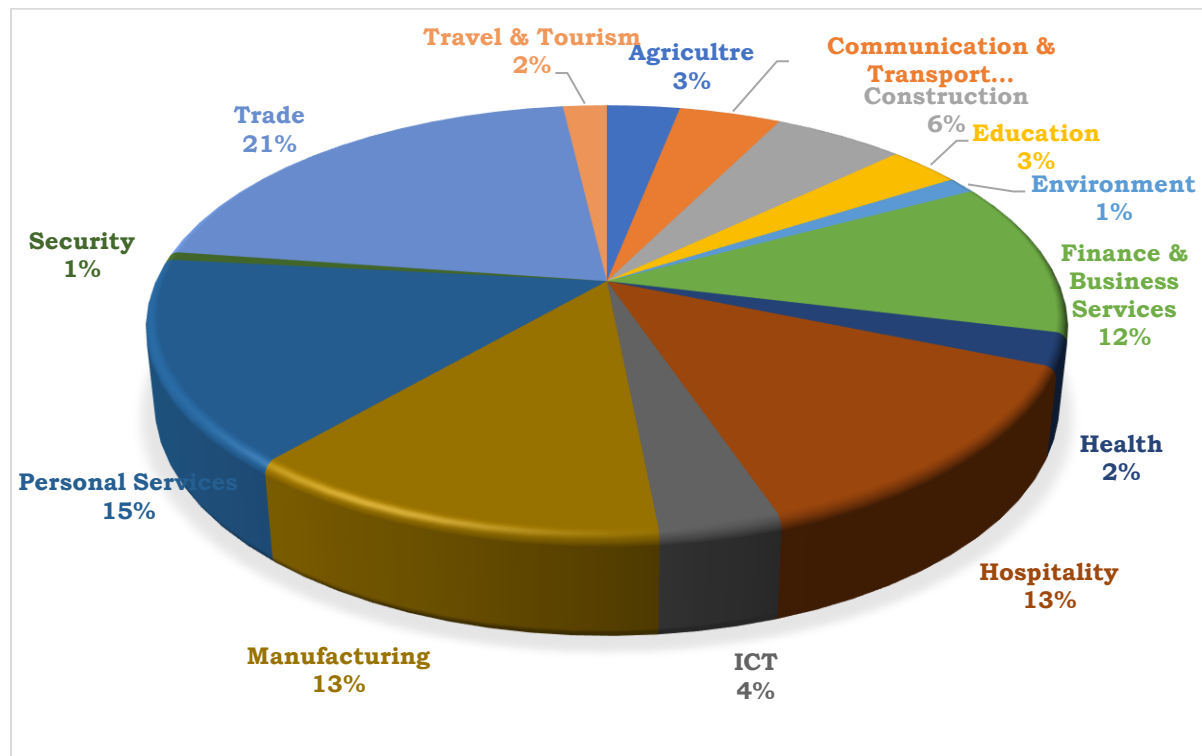
Figure 14: Business Premises



46% of grantees' businesses are operated from home closely followed by businesses with dedicated premises at 45.4%. Business that operate at a market place and businesses on wheels account for 8.6%. The ever-changing world of business requires some businesses to be mobile especially in the hospitality industry (catering) and some businesses can efficiently operate from home. The type of business will usually set the model.

6.15.Sectors

Figure 15: Sectors



The top sectors represented by the respondents are Trade, Personal Services, Manufacturing, Hospitality and Finance & Business Services.

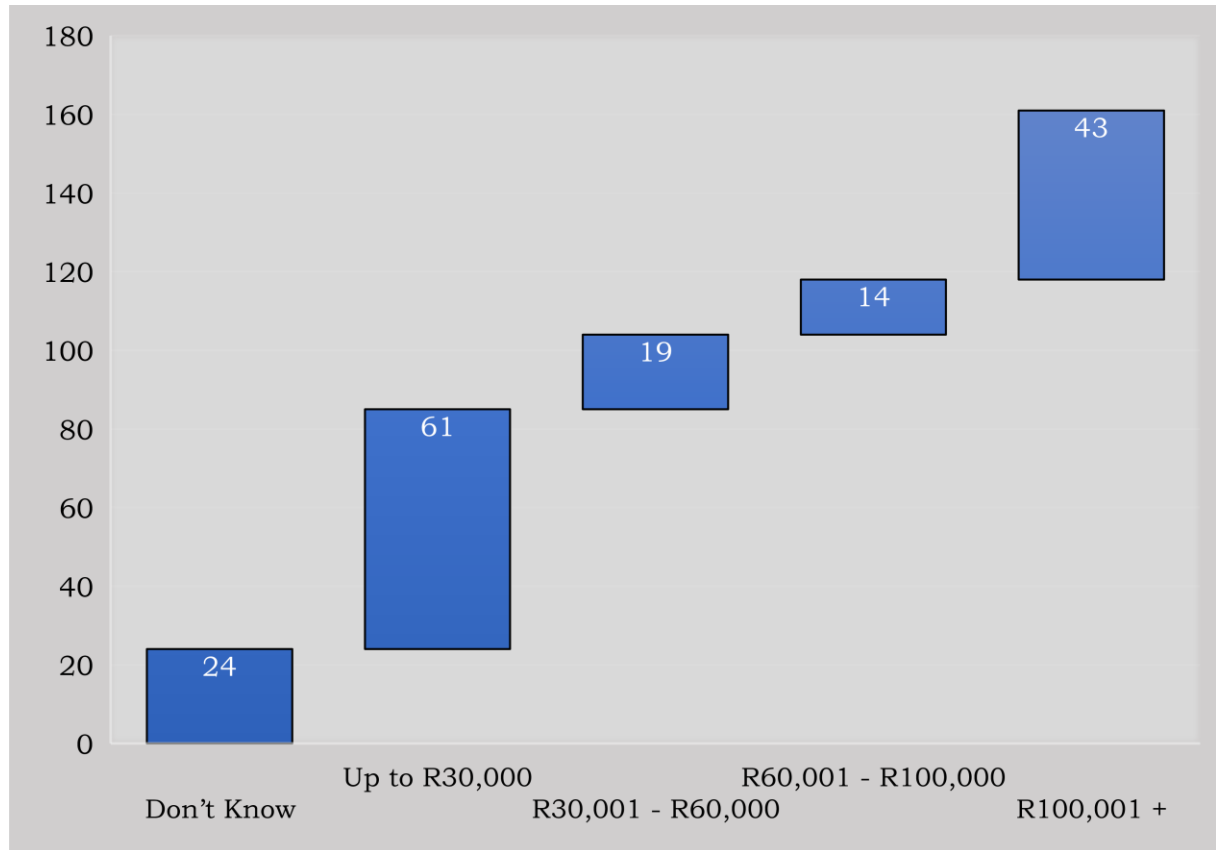
Female Entrepreneurs dominate the Hospitality and Personal Services sectors with 85% and 80% of businesses in these sectors being owned by female entrepreneurs, respectively. Male Entrepreneurs dominated the construction and ICT sectors. There was a fairly even distribution among the other sectors.

The GEM report 2016/2017 indicates that the sectors accounting for most of the early-stage entrepreneurial activities include the consumer sector (57%) and the transformative sector (Manufacturing, Construction, Utilities, Communication and Wholesale Distribution) (25%) and Business Services sector (15%). As indicated above, the top 5 represented sectors are Trade (Whole Sale & Retail), Personal Services (Consumer Sector), Manufacturing, Hospitality (Consumer Sector) and Finance & Business Services.

6.16. Business Revenue

6.16.1. Turnover in Last Fiscal Year

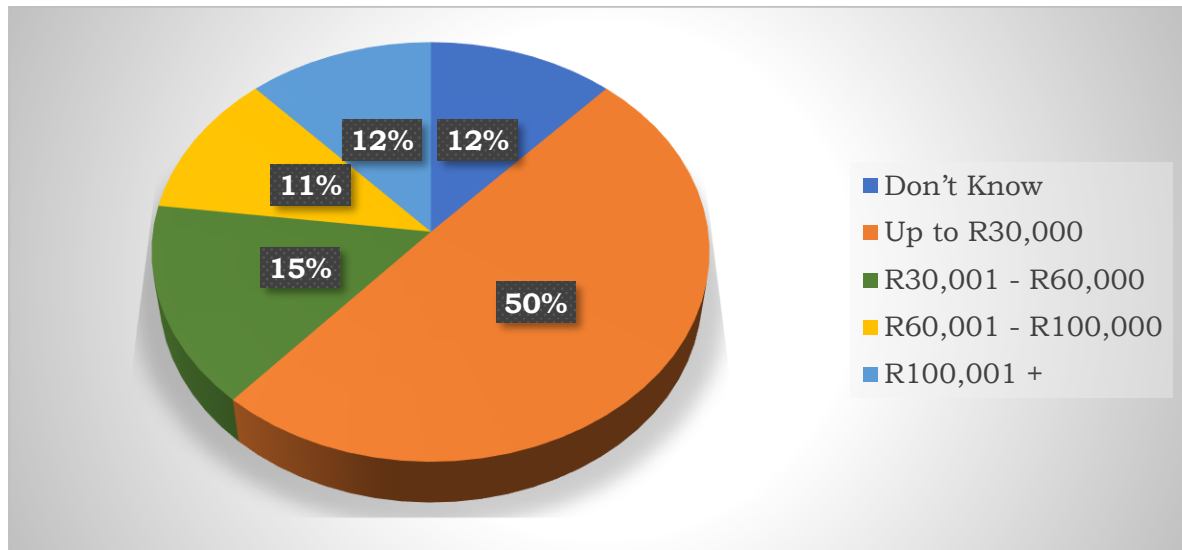
Figure 16: Business Turnover



All the businesses that were visited indicated that they are generating revenue. 35% of the businesses reported a turnover of more than R60,001 in the previous fiscal year. This post-revenue stage highlights the growth of these small businesses. The majority of businesses (49%) reported turnover of up to R60,000 in the last fiscal year. This highlights the potential to grow by these small businesses despite the challenges that were stressed during the evaluation and are discussed later in this report.

6.16.2. Profit

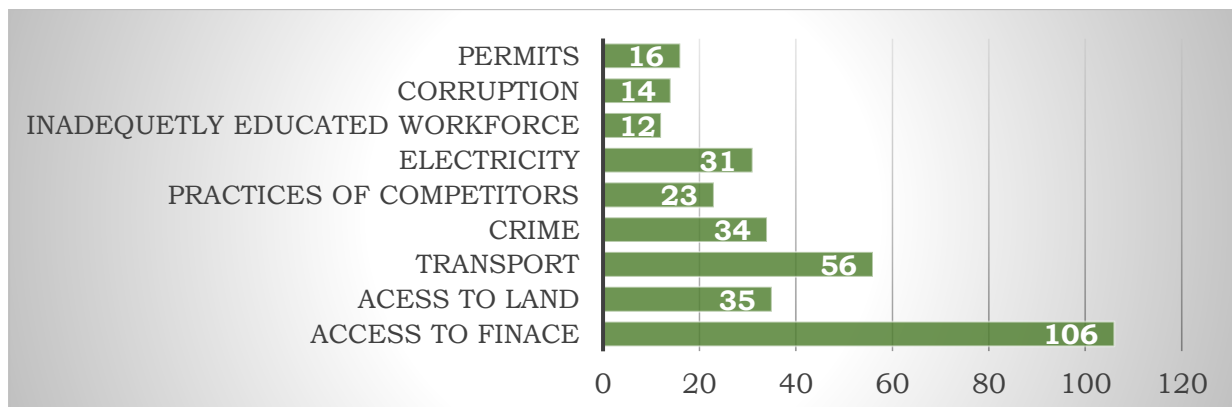
Figure 17: Business Profit



The represented businesses were asked to indicate what their profit for the previous fiscal year was. **The majority (50%) reported a profit of up to R30,000. 12% reported a profit of more than R100,000 in the last fiscal year.** It should be noted that most of these businesses highlighted the need for financial management skills as one of the top 3 skills they needed which helps explain why 12% of the businesses don't know the profit generated, a challenge faced by most small businesses.

6.17. Business Obstacles

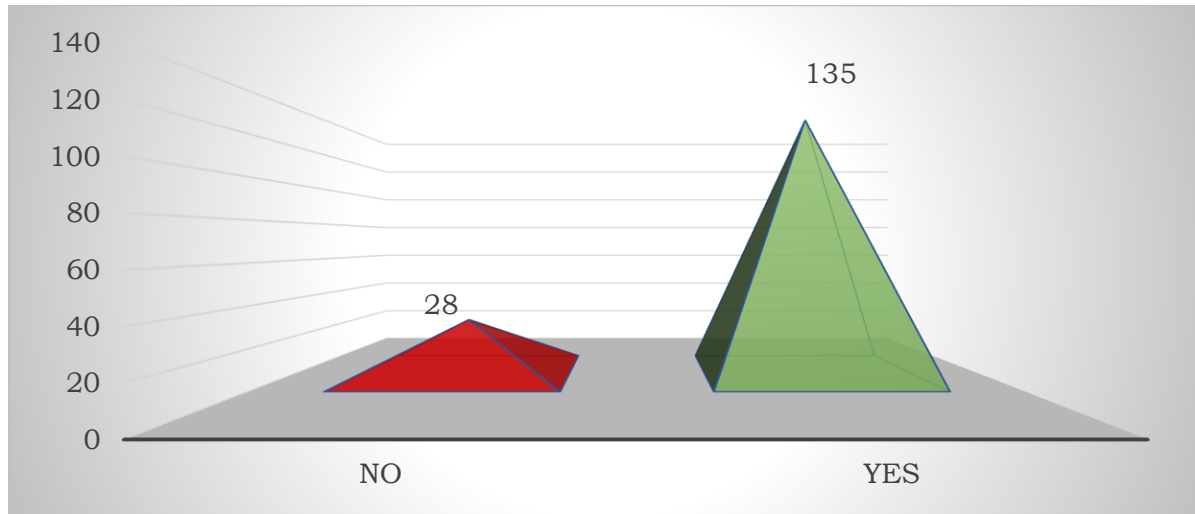
Figure 18: Business Obstacles



The majority (32.4%) of the businesses indicated that access to finance was the biggest obstacle they faced. This was followed by Transport (17%) which was mostly experienced by those in the Agriculture sector and Environmental sector. The least obstacle was inadequately educated workforce (3.6%) an indication that highlights the unemployment rate among the youth.

6.18. Financial Records

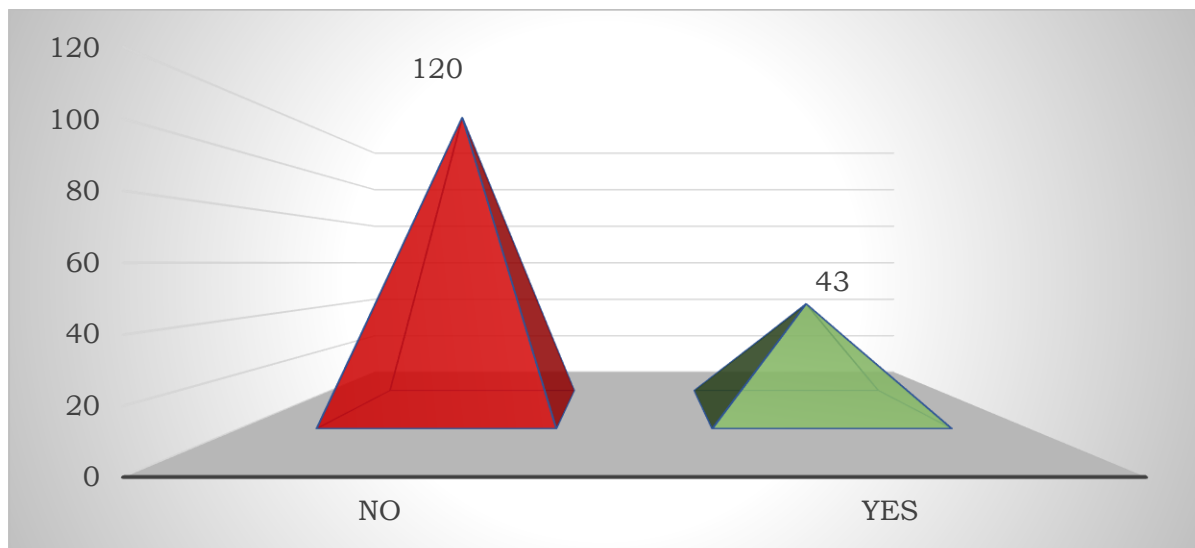
Figure 19: Financial Records



Represented businesses were asked if they kept financial records. **135 (82.8%) businesses indicated that they had some form of financial records** even though most could not be verified because they claimed to have external service providers who take care of that aspect of the business. Records ranged from very basic (a receipt book) to spread sheets in Microsoft Excel. In addition, respondents displayed a great awareness of keeping financial records, which may be attributed to NYDA persistence of this area.

6.19. External Auditor

Figure 20: Audited Accounts



Business owners were also asked if they had their financial records audited by an external auditor. **73.6% (120) of the businesses indicated they did not have their accounts checked by an external auditor.**

The main reason cited was they did not consider it as important. 26.4% indicated they had their financial records checked by external auditors. 90% of the 43 businesses that had their financial records checked by external auditors reported a profit of over R60,001.

6.20. Business Outlook Over Last 24 Months

Figure 21: Business Outlook

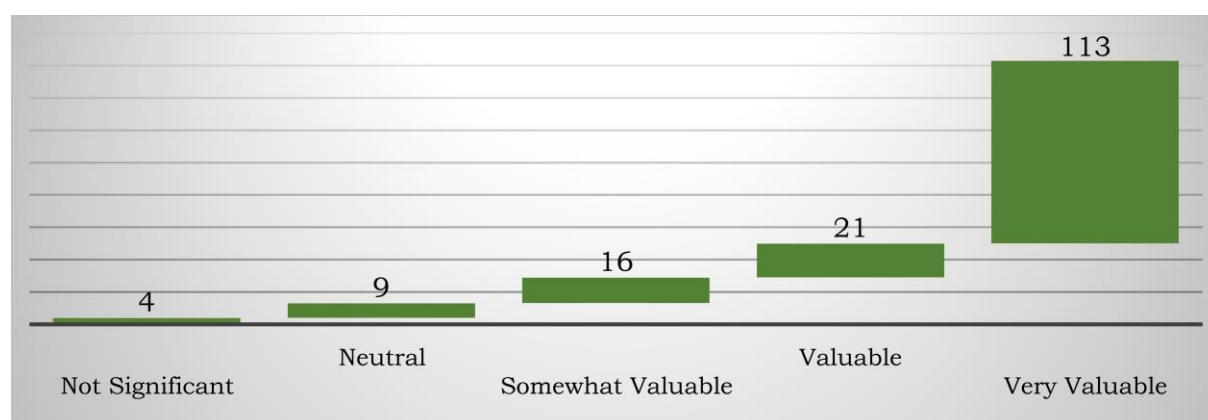


72.4% of the respondents indicated that their businesses had improved significantly (39.9%) or improved somewhat (32.5%) over the last 24 months of operating their businesses. 16% indicated how their businesses had declined significantly (8%) or declined somewhat (8%).

It should be noted that South Africa is one of the most difficult countries in which to start a business. The 2017 Doing Business Report ranked South Africa 131 out of 190 in terms of ease of starting a business.

6.21. Impact of Grant on Business

Figure 22: Impact of Grant on Business



Respondents were asked to rate the impact the grant they received had on their businesses. **92% found the grant received to have had very valuable (69.3%), valuable (12.8%) and somewhat valuable (9.8%) impact on their businesses.**

A small percentage of 2.4% found the grant not significant and this may be attributed to the fact that some of the respondents did not get the amount that had requested.

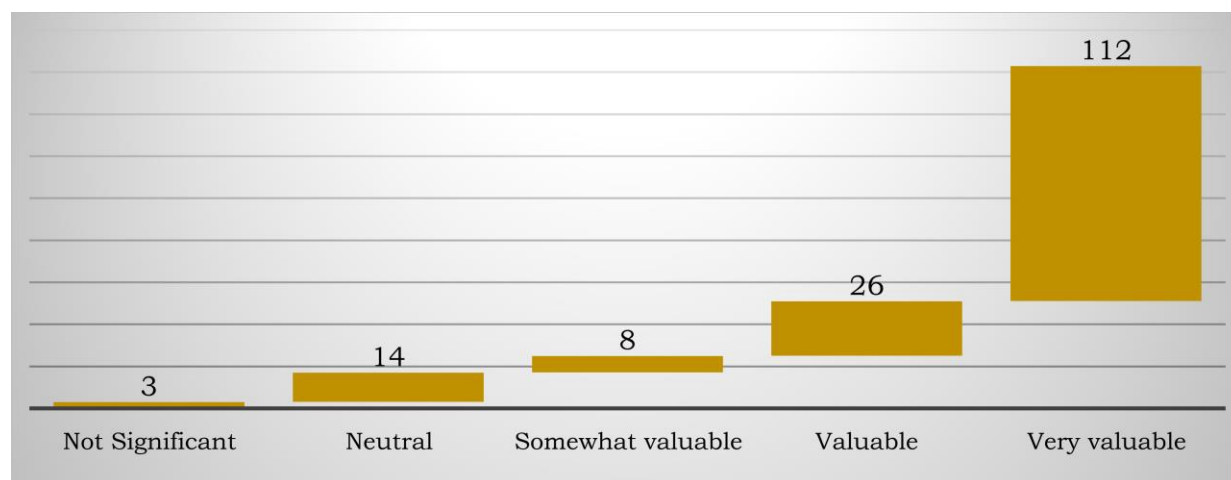
The impact of the grant on the grantees' businesses is evident in the extracts below;

His business is now sustainable because of this grant, he made income and bought more equipment and material; I have the required machines to do car washing and built a shelter for customers to sit and wait; I have been able to get the container and more equipment for my business; No need to outsource printing. No time wasting. Now more profitable..."

A number of themes emerged when the grantees were asked about the impact of the grant on their businesses. These included, businesses being sustainable, efficient service delivery and increased profitability. All these themes are attributed to the grant received from NYDA. **92% of respondents indicated that without the grant, it would have been nearly impossible for their businesses to grow.**

6.22. Impact of Business on Grantee

Figure 23: Impact of Business on Grantee



84% of the respondents indicated that their businesses have a very valuable (68.7%) or valuable (15.3%) impact on them.

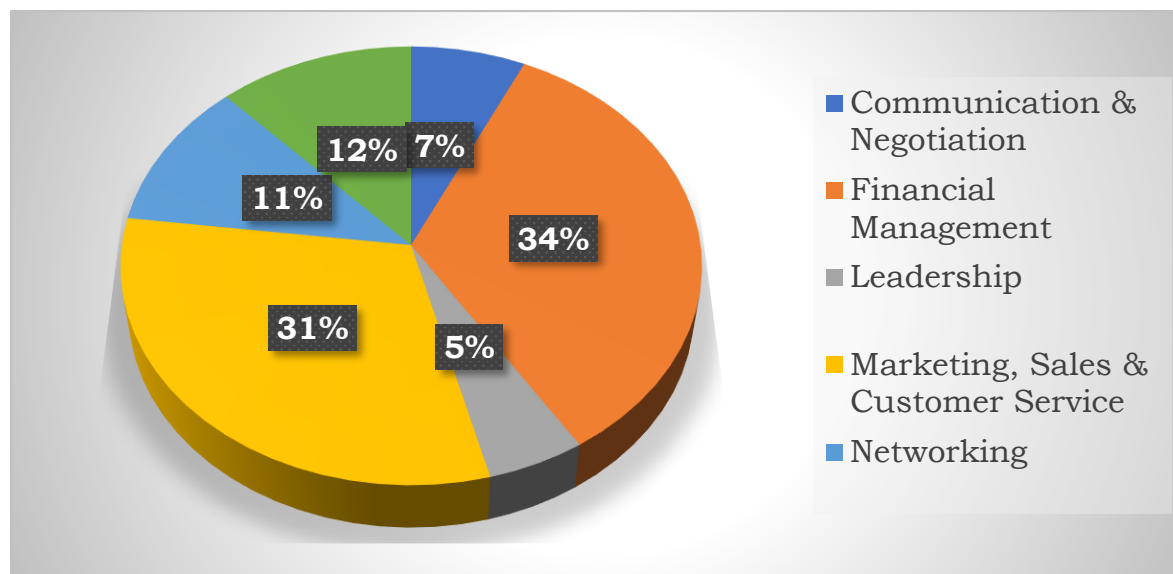
"...I have built myself a home through the profit I make; We now earn more and are able to save; I have realized some skills that I did not know about myself;

I have a stable source of income; Now I'm able to see my strength in terms of my skills and thinking capacity; More stability. Can now do things for myself, in terms of finance. No need to ask others; Can run a business; Financially stable; Been able to buy a car, been able to further my education; I have a stable source of income and this changed my life because I believe I can achieve my dreams...'

A number of themes emerge from discussions around the impact of the business on grantees including, a stable source of income, independence and stability and personal growth, were emphasized. Some of the terms are a little surprising given the volatility of owning a business. These are all important economic, social and personal achievements that have had a profound impact on the individuals' lives of which most acknowledge NYDA's contribution.

6.23. Skills Development to Take It to The Next Level

Figure 24: Skills Needed



When asked what they believed to be the necessary skills required to improve their businesses, **majority (34%) of the respondents indicated Financial Management as the biggest area they needed to improve.** This can explain why some businesses had no financial records, had no clear information of profit made or the need for audited accounts.

31% indicated Marketing Sales & Customer Service was a skill they needed to improve.

Leadership skill garnered the lowest number at 5% followed by Communication & Negotiation. This was observed mostly from businesses operating from Home.

Project management and Networking were evenly matched at 12% and 11% respectively. This was mostly observed in the trade and construction sectors.

While it is important to understand the skills businesses are lacking, businesses may be unaware of their weaknesses or unaware of areas that may need strengthening, due to their lack of knowledge or exposure. For instance, with networking, perhaps some of these small businesses are unaware of the value that may be gotten from increased networking or being part of an association.

7. INSIGHTS FROM THE STUDY

Our questionnaire design purposely sought to understand the personal business journey - *from why the business was started, the vision for the future, and the realities, including perceived obstacles and enablers – that youth entrepreneurs face and perhaps were reflecting on. Their thoughts on priorities for SMMEs and their recommendations for the Grant Programme were also sought only after they had provided information on their own journey.* This process allowed for much reflection, as was reported from numerous respondents, similar to: *‘you have me thinking a lot about these aspects of my business’.*

Below, we have included excerpts from the interviews that provide those ‘points in time’ along the business journey, which the Grant Programme forms part of, and as such provides for a more holistic understanding of youth as entrepreneurs.

7.1. Starting the Business

The key reasons that led grantees to starting their businesses were opportunity-based. Such responses were often coupled with an emphasis on their passion for the business (or being a business owner), being their own boss, or having some technical background or skill that they wanted to pursue, as the inputs below highlight.

“...Passion whilst young, was intrigued by technology; First business at 19. Past experience in education and had a business while studying; Passion for clothing, especially sports clothing. Mother used to make curtains and clothing. Creative. Loves designs and factory work; I saw an opportunity when I attended some training at EPM and when I could not find a job I decided to open the business; Passionate about getting children to read multilingual; re was a demand for product he produced, passion and to decrease the u employment rate; Great opportunity because there was no work and also showcase his talent; Failed matric, believed in himself and prove people wrong; Is a DJ, there was demand for sound tents and chairs; I did a course in as a chef and decided to use this opportunity to get into events management; I saw an opportunity to develop others and I have the skills so decided to start the business; Was employed at a similar business until it was closed and then decided to use skills learnt and open a similar business; I realized there was an opportunity because there was only one butchery and we thought we have a butchery with a restaurant; We attended a learnership and decided to use the skills learnt to start this business; Lack of bread. They only get bread on weekends so it was more convenience; Need of internet cafe in the community; There was no catering company, wanted to cater for people in the community; More demand for hair; We started this cooperative because we need agriculture in this community and the youth are not into it; Past experience as a locksmith, identified opportunity with car coding...”

The above narratives provide important insights into individuals' situations that motivated them to begin their businesses. As we can read, some were motivated after seeing an opportunity that may have been influenced from their studies or previous work experience, while others observed a potential demand or wanted to prove themselves. At a wider level we can see a good understanding of the potential (gap) for the business as relayed by grantees as well as the confidence and determination to move their businesses forward.

At the same time, others were motivated due to the lack of opportunities in their communities and were unemployed. However, some of those who were unemployed were also motivated due to observing an opportunity.

“...Unemployment and business opportunity to sell fizzy drinks at the time was huge; Unemployment rate. He saw the need to open opportunities for other individuals; Unemployment and he was not educated so he had to make a living; He was unemployed and got an idea to draft a business idea and seek funding; Could not find employment; Unemployment and he is passionate about business; A dream to have own business; When left unemployed was motivate to start own; Being unemployed and seeing the need; Was in prison so am unemployable. So, decided to start the business because I have computer skills; Unemployed so he had to fund his education, breadwinner at home; Unemployed graduate...”

Motivations or intentions within entrepreneurship centre on the dichotomist perspectives of necessity versus opportunity driven entrepreneurs. The latter is seen as the ideal type, where one moves towards business success after identifying an opportunity (or niche) in the market. The former, those that are pushed into starting a business are more likely to fail or if given an opportunity to take up secure employment, would do so.

The distinctions are important. However, the dichotomy leaves no space for the gap between. One is not always one or the other all the time. Fluctuations exist, and ones push or pull situations are often related to business cycles.

Antecedents are also an important signifier for entrepreneurial success. As we have heard from this short example, many grantees have used their previous experience, studies, or a family member's situation to assist in them progressing in their business journey. As one grantee noted, even the negative past experience was turned around into a positive outcome. In some of the cases we have found, whether one is opportunity or necessity, is less relevant.

Overall, the above aligns well with the GEM (2016/17) findings that South Africans consistently hold positive attitudes towards, and awareness of, entrepreneurship.

7.2. Business Dreams

Young entrepreneurs were asked about their dreams for their business followed by questions as to what steps they would need to take to see those

dreams a reality. The questions posed sought to avoid rehearsed vision and mission statements, as we wanted to understand their visions in their own words, that is, in non-technical language. We wanted to hear their 'voice' in what they were building.

The vast majority of respondents stated that they would like to see their business grow or expand. They reported that they would like to be leaders in their respective fields, to expand into other provinces and even have an international presence. Growth responses were closely linked to employment creation. There was a clear sense of the entrepreneurial and social aspects to the visions relayed. Below are examples of what was stated:

“...To grow the business and increase number of employees and expand to nearby communities; To see his business grow and employ young people, want to buy printers and video machines and open other branches; Expanding the business to other provinces and see our products selling in big stores; To grow the business and increase number of employees and expand to nearby communities; To open branches across south Africa; I see the business having its own retail store, and plan to venture in other cities in the eastern cape; See herself working in industrials, employ more youth and be international; He wants to run a bigger publishing house; Want to expand and be the biggest supplier in the whole country and have branches all over the provinces; Growth: Wants to hire 50 people. Give back to community. Reduce unemployment; Expand. Open multiple units. Ultimate dream to franchise; To employ graduates who have some work experience for people. Compete with big players; Looking at the most lucrative events. Dream to do first class events.; Growth. Open coffee shop or restaurant; Expand the business, more job opportunities, motivate other entrepreneurs; Open another bigger branch and offer cheaper better services; Establish a culture in the province and dominate the whole printing industry in the province; She sees herself supplying to towns nearby...”

Others provided responses that may be described as perhaps more prudent.

“...Currently we are leasing the land and we would like to have our own land and own the farm; To expand my reach and supply to liquor shops; Wanted to see herself having a big salon, wanted to have a beauty school; To be a reseller for nail vanish since there is no shop in the community; To get a bigger place and build according to our plans and to meet health inspector regulations; Wants to see himself maintain schools in the eastern cape; Self sustainable; make money...”

Talk of growth, including prudent progression as noted by the latter respondents, speaks to the opportunity-based perspectives and mind-sets of these entrepreneurs noted earlier. The confident language utilized is a tribute to the individuals and their resilience, and the provisions made by NYDA via the Grant Programme and support services.

7.3. Reality Check for Business Dreams

Follow-up questions were posed in order to allow respondents to think about and reflect on, what the actual stages might entail in order for them to realize their dreams. The objective being that entrepreneurs should be able to provide the practical steps (proactive behaviours) needed to follow through on their business aspirations, given their current position, as well as on what inputs might assist them to reach those 'other stages' along the way.

Respondents displayed insightful business strategies with practical ideas related to sales, reinvestment and training. They did not underestimate the need to be leaders, to be able to delegate and to work hard.

"...to save more and reinvest in the company; I need to save more and attend more training; I need to increase my revenue by selling more; We are expanding our revenue opportunities; Target start-ups as they have those needs. The CCT services; Need to build networks- a network of large sponsors e.g. SAB miller etc.; Connections are fundamental, you need to know those big sponsors. Needs a team of marketers. Presently I do everything. Needs more staff but cannot afford salaries at present. Needs a good assistant; Need a creative team: visionaries, team players, hardworking, energetic; Save money and be able to buy the required equipment; Local visibility. Need more exposure; Internal changes. External via a value proposition to be part of their value chain; Already begun and proposal written. Wants 5 complimentary income streams; Be able to manage the business in terms of financing, contacts and meeting the right people. Taking on more staff especially for accounting. Marketing. Penetrate Gauteng first. And understand the demand. Get long term contracts..."

The above examples display a very grounded sense of their current business circumstance together with a business mindset, which includes practical considerations.

Some respondents understood the need for marketing and even cold-calling in order to reach their target market and understood well the resilience needed to move forward. In addition, hard work and the use of existing tools, such as social media were noted.

"...Marketing. I have flyers and business cards. I go door to door and visit other businesses. Promoting my business to tourists etc.; Meeting clients' needs. Being professional. How you deal with your clients and manage your business. Focus on marketing. Currently paying for Facebook adds. Understanding your client; Go door to door and inform people what we are doing. More service oriented. More company registrations- assisting in this area..."

One example of marketing and taking practical steps was observed in a cleaning company who had developed 'good quality' flyers to target an 'affordable market', in a suburb about 25KMs from his business location. Such action shows the opportunity and proactive behaviours needed for growth and business success.

Others (mis) understood the question more in terms of what they needed externally, of which funding was the predominant need reported. However, more often when funding was noted, it was so together with other elements needed such as marketing, accounting and networking.

“...More funding, Marketing; More marketing and Networking; Owning more equipment, more grant; More employees; More funding and cash flow; Enrolled for some courses in marketing and these will help; Acquire experience whether its unpaid and then I can use that going forward to training and then marketing; She needs to works hard, employ more people and that will happen if the NYDA gives her the remainder of the money she asked for²⁴; Need funding, buy good equipment, employ skilled and unskilled workers; More funding so she can afford the expensive rent; More capital, serious capital. If you have good funds you will produce quality work that can get me to the top; I need to save more and also get supplementary funding; More funding, invest in security measures, attract more customers and set a standard; Be able to manage the business in terms of financing, contact as and meeting the right people. Taking on more staff especially for accounting. Marketing. Penetrate Gauteng first. And understand the demand. Get long-term contracts; More funding, if NYDA provided a database where there's people in various fields...”

These excerpts show that quite a number of grantees think about accessing funds through the NYDA, as a means towards business progression. What was relayed in the interviews was an expectation to access funding and support from NYDA and that the Agency could do more. The recommendations from grantees on the programme provide additional insights in this regard.

What appears lacking in terms of accessing capital or funding, is innovation and creativity, and perhaps the knowledge and business mindset on how and where to access loans. Perhaps also, grantees are displaying characteristics of being risk aware rather than risk averse. Some grantees showed expectations that NYDA can and should do more and that grantees are keeping options open to access ‘round 2’ of funding. It could be argued that this is in keeping with an entrepreneurial mindset, that of being aware of an opportunity, of which accessing the grants could be considered one.

7.4. Grant Programme

The Grant Programme has evolved towards meeting those essential needs of emerging enterprises in terms of supplying basic operating equipment. For instance, for a bakery, NYDA provided ovens and other related equipment,

and for a printing and design shop, printing machines to make prints onto tee-shirts and for mugs was provided.

The range of equipment and supplies is quite vast as are noted below:

“...To purchase trading stock; To buy equipment; To buy Gelish stock – a nail product which is trending presently; To buy material; Equipment vacuum's and cleaning products; Tee shirt making machine, tights for running etc; Buy tents and gas stoves; Coffee machine, computers, network grabber and papers;

Printing machine; 1st funding to buy machinery to start a the business and 2nd to buy embroidery machine; Premises and cooking material; Buy the equipment for car wash; Buying gazebo and stock; To renovate hair salon; Bought computers and cameras and printers, laptops and internet; Bought dust bins, protective clothing, computer and printer; Bought oven, mixer and renovated the garage where she bakes; Custom made container (for internet café and printing business); Bought equipment, ladder, hummers and all the tools to work with when building, Bought a kiln over and pottery well, Bought massage beds, back wash, hair dryers and mobile beds for massage and supplies, Built a food cart for retailing and brand exposure; Laptop and software for accounting...”

7.5. Grant Objectives

Recipients were very enthusiastic about the grant and being ‘accepted’ by the NYDA. This in itself was very positive and for some, they noted that they had gained confidence and were proud to be considered as being businessmen and women. Some noted that they could ‘hold their own’ and approach possible clients with new-found confidence. This they attributed to NYDA.

For the majority of recipients interviewed, the grant appeared to serve the purpose for their business. As noted above, the objective was usually to provide start-up equipment, so that the business could be operational. However, some businesses were already up and running, and so the grant provided much needed support.

One point that was frequently relayed from existing businesses was that they no longer had to outsource certain offerings. This in turn meant an increase in profitability and customer service, as turnaround times were reduced. For those barely functioning, it meant a significant upgrade, for others, it meant a start.

The following provides insights into how the grant affected the enterprises:

“... We got the furniture and equipment and our office became more functional; Yes, the business expanded into another business as well; Yes, because I have bought the equipment and can take bigger orders; We bought the raw

materials and started production; I bought the machine and business doing well; The x-ray machine now works perfectly; Because the crèche is fully operational; Yes, we got the equipment and we are getting referrals from GPs around; Yes, I was successful because the business is now self-sufficient; The office is furnished and fully operational; Made her grow her business and have her product ready for the market; He doesn't have to outsource machines anymore; Successful in paying her employees; He only could afford tires with the grant but when he made profit he bought a compressor and a tire fitting machine; It helped him buy everything he needed to run his salon; Yes, bought a camera and now I have an advanced camera; Business is running smoothly since then, approximately 50- 60 clients; Got the stock and did a formal Photo-shoot. Going to markets; Very helpful and necessary for functionality; Got 65 chairs. Moved from kiddies' parties to adult parties and larger events. Cuts down on my costs as the chairs are the most expensive; She did everything she sought out to do with the grant..."

It should also be noted that for some, even for those who were positive about receiving the grant, were not completely satisfied. Some noted that the grant had little impact on their business and was 'supplementary'. That was not to imply that they did not need support, they did, but perhaps of a different type or in addition to what they already received.

Instances where grantees were not satisfied were also recorded. Some of those exchanges were due to certain expectations not being met.

"...Because of the weather we lost most of the plants; Because the NYDA gave less money and bought less than what was wanted; Didn't get anything she needed, she got machines but not material to manufacture; The initial plan was to buy a machine to test vehicles but the grant was too little or not enough to fulfil the purpose; He only got one of the things that he needed; They still need to buy a couple of other things to expand the business; He wanted to buy machines but he only qualified for the first threshold which couldn't afford him the desired machine so he used the grant for marketing and promotional stuff and he bought tee-shirts; He wanted to buy fruits and veggies as well but the grant couldn't afford him that; Not enough. Needed grant for distribution company but didn't get it; She wasn't successful at all, they only bought her a fridge and not stock; Couldn't buy everything, some of the machines were expensive; Needed more funding; Not yet able to understand grant as it was recently received; Haven't received any grant; Not interested anymore in business; Haven't received money; The machine was too small; The money was too little; The money was not enough..."

Of all those who reported that the grant did not serve their needs, only a small few noted that the funding was not enough. However, as reported under recommendations from grantees they elaborate on this issue. Some had only recently received the grant and were unable at this stage to appraise its use. Only one respondent reported that they were no longer

interested in business²⁵. We encountered only a few cases where the grant did not fulfil the needs due to the NYDA processes or external factors. However, given that NYDA has a process of follow up in place, such issues should be rectified immediately once identified. Again, this may be part of a wider issue within the organization related to communications and managing expectations.

7.6. Contribution of Grant Towards Improving Socio-Economic Conditions in Communities

The wider impact of the grant on the community was mainly reported in terms of employment creation.

“...The NYDA has changed people's lives in the community; It has helped a lot of people; It has gone beyond and is helping people achieve their dreams; I have been able to employ youth in my community. I am a mentor to youth in the community because the fund helped me to start a business; It has allowed women in this community to get services within the community without spending a lot on transport; It has contributed immensely...”

By providing a specific service, previously unavailable, was viewed as a contribution by the business to the community. Therefore, indirectly NYDA is contributing towards improving social and economic conditions. One musician noted that his studio (for which NYDA provided sound and lighting equipment) became a social space for youth to use. As it is a business, they paid a fee to use the recording equipment.

In addition, respondents said that as the business and its offerings are now available close by (in the community), customers no longer had to pay for transport. This was considered an important service to the community, again via the Grant Programme. Some of the businesses gave back to the communities directly, either by donations or spending time training youth or offering services at a reduced rate. A bakery owner kept aside the daily-unsold bread for children who needed it, at no charge.


“...From his perspective and what his business does, the fund helped a lot because the elderly and disadvantaged people who found it hard to go to clinics to get their medication have been helped by him and that is thanks to the grant ; The community has seen a reduction in all recyclable material which is good for the environment; Convenience shopping, Freshly made goods, Healthy food for community; It gives us a great impact. Without this we could not call ourselves business people; The process takes time but if you are patient it can have a great impact; Yes, it has improved. Now we have opportunities to start work. The fund is now more accessible. The sharing of powerful information is now available for all; Schools no longer spend a lot on furniture. I give a cheap service to the schools. I have employed people in the community. I train people in carpentry; I have employed people from my

²⁵ This example is from those surveyed only. We understand that a quite a large number of businesses are unsuccessful as noted in our methodology, in how difficult it was to reach grantees. It was assumed that they are no longer operational.

community, I have trained youth on how to run a spa and they have opened their own spas; We supply hungry people with free vegetables in our community because most people don't have food in this community; Helped to develop leaders; Inspiring others to believe in themselves; Employing 11 people from the community; People now know about screen printing (new knowledge); Educate youngsters, Classes for school kids for free; Yes, ever since he introduced photography in his community, it has been taken seriously and the youth is now interested in doing a similar business. He also employs people part time and teaches them how to handle production; We visited 2 schools and donated pads and roll-ons as a way of giving back to the community..."

A low number of grantees noted that the grant programme had little or no impact beyond the creation of a small number of jobs in the communities. 'The community is not aware of NYDA' and 'only 2 people I know received grants' were comments in this regard. The negative perception was found due perhaps to a lack of information, which was also reported. Rural areas were singled out as not being able to access the programme.

8. RECOMMENDATIONS

Findings (With Examples from grantees)	Recommendations
<p>Poor Communication and Outreach.</p> <p><i>“Most young people are not aware of the NYDA Grant especially in the rural areas.”</i></p> <p><i>“We travelled for training which was for about 4 days and our equipment was delivered when we were not at the farm and when we returned we found the tunnel was completely destroyed. NYDA refused to help because they said the equipment was received in working order, but it wasn’t any of us who received the equipment. We don’t know what really happened”</i></p>	<p> Communications and managing expectations:</p> <ul style="list-style-type: none"> • Information is key. Those seeking support should be able to access essential documentation from ‘active-links’ on the NYDA site. This information must be current and exactly what the Branches will inform. • Beneficiaries should also be contacted with updates on delivery of equipment bought to avoid damages. • Outreach: Rural communities, as noted elsewhere, appear to be uninformed about and accessible, to NYDA programmes. Information dissemination, consistent messaging and management of expectations needs to be conducted. • There is widespread expectation that existing grantees can access round 2 in the programme. Thus, there appears to be a lack of understanding of the requirements as to what are the eligibility criteria for higher-threshold grants. • NYDA hotline: to update on the grant process (for applicants) and for scheduling support workshops etc. • In meeting needs of grantees ‘where they are’ webinars and other communication tools relevant to grantees needs should be considered.


Problems with service providers (turnaround times) – Voucher Programme

“...Service Providers appointed by NYDA don't have skills, they just have qualifications.”

- NYDA must appoint service providers who are real, experienced entrepreneurs to run the workshops, educate and empower the grantees because they have in away experienced what these grantees are experiencing
- More Screening should be done so that competent Service Providers are contracted.


Low exposure to (wider) markets

“As a recycling company, we would need to make partnerships with catering companies, so we can collect recyclables after events, but this would be possible if we knew grantees in our area who are in the hospitality business, so we can work together”

-  **Partnering and Networks:**
- Assist and advise on Partnerships (even if not formal e.g. trading partners or with suppliers):
 - Assist with networking relationships, including within the NYDA network.
- Understanding how partnerships and networks (e.g. reciprocity in networking) work and the value of good partners and networks is important and can be fruitful in improving efficiency.


Inadequate follow up from the branch offices (irregular/infrequent aftercare)

“NYDA should improve on transparency. If a person applies for a certain amount and is not given that amount, then the NYDA should inform the person as to why the amount was reduced. The NYDA should employ passionate and friendly staff to conduct their workshops. The NYDA should keep in contact with its grantees and give feedback;”

-  **Develop a comprehensive M&E Plan:**
- There is a severe lack of evidence to show what is actually working amongst youth entrepreneurs within the programme. Systematic tools need to be developed and rolled out and the systematic recording of information conducted (routine monitoring).
 - Regular site visits need to be conducted to ‘stay in touch’ with the grantee and to collect routine data. Such data needs to be recorded and any actions noted, should be addressed with a reasonable time. With the grantee kept informed of developments.

Funding and support do not always meet business’ needs

“Understand the business before funding is provided. Look at the business itself. The amount you seek should

-  **Meeting small business needs:**
- If NYDA is to have an impact on these emerging businesses, they must have the evidence first and foremost.
- A comprehensive understanding in the form of an assessment needs to be undertaken with new grantees after they

<p><i>be justified by the demand. Grantees need to know the ins and outs of their business. Strong follow up. Thorough checks. After care is limited.”</i></p>	<p>received the grant. This could be conducted after 6months (site visits) to allow for grantees to use the equipment. This should be integrated into the wider M&E plan, as noted above.</p> <ul style="list-style-type: none"> • NYDA should investigate a possible need to upgrade training materials away from general and aligned to specific sectors. Respondents noted that they needed ‘tailored’ support and that was, for some, the reason to not attend NYDA trainings.
<p>Screening process</p> <p><i>“Instead of giving the youth grant without skilling them, they need to test a person and see if they can do the job, and if they can't do the job, they need to skill those people.”</i></p>	<p>✚ Pre-screening and gap identification:</p> <ul style="list-style-type: none"> • Applicants for grants appear to fulfil the requirements with regards to formal documents. It would be useful if they (in groups, and prior to business plans being developed for them) could participate in the development their own feasibility and business plans. This could be conducted prior to extensive plans drawn up. Idea generation workshops maybe useful at a very early stage.
<p>Training is not tailor made.</p> <p><i>“We need sector specific skills/knowledge...”</i></p>	<p>✚ Provide targeted support:</p> <ul style="list-style-type: none"> • Targeted support for different size, stage, sector and age etc., is needed. Even if NYDA cannot deliver on this, they may be able to provide referrals to other support services. Some grantees may be unaware of the various types of support available that their type of business may require.
<p>Demarcations</p> <p><i>“We have to spend a lot of money to travel to the branch office which is in Rustenburg and we are in Dikebu. Pretoria is close, but we were told to use the Rustenburg office because we are in North West Province.”</i></p>	<p>✚ NYDA should be flexible and allow youth to apply at an office closest to them. Grantees in areas like Dikebu indicated how they were close to Pretoria office but had to travel to Rustenburg which is costly and because of that, they had not been able to visit the office to access the required support</p>

Our findings, informed by grantees, echo recommendations from the recent GEM report, which states that, there are two important non-financial improvement measures government agencies should implement in order to stay relevant and useful to existing or future clients, across both groups, are ***relevant market research services as well customised SMME support***. The latter is particular importance to the early-stage entrepreneurs and is highlighted as a critical measure by a third of their respondents. Greater effort should be put into differentiating the needs of new and growing firms by sector, size, etc. (GEM 2016/17)

As stated earlier, the NYDA programme allows youth to experiment in entrepreneurship and business development. It becomes necessary therefore that the Agency needs to know how the experiment is doing. There are a series of assessments (in-depth and longitudinal) that can be conducted. Such evidence from this type of research can be very informative and assist NYDA in tailoring support in a more effective and efficient manner.

8.1. Cost Benefit Analysis

A cost-benefit analysis is a process used to analyse decisions. IRC summed up the benefits and costs of the program and built the model to put a Rand value on intangible items, such as the benefits and costs associated with the program and also factored in Net Present value (NPV) in the equation.

QUANTITATIVE ANALYSIS	2013	2014	2015	2016	2017	Total Benefits	NPV	TOTAL
BENEFITS								
COST SAVINGS (Cost Creating a Job)*	ZAR 2,600,000.00	ZAR 5,356,000.00	ZAR 5,148,000.00	ZAR 9,308,000.00	ZAR 10,712,000.00			ZAR 33,124,000.00
COST AVOIDANCE (EDP & Voucher Program)**	ZAR 320,000.00	ZAR 580,000.00	ZAR 540,000.00	ZAR 740,000.00	ZAR 840,000.00			ZAR 3,020,000.00
REVENUE***	ZAR 510,000.00	ZAR 785,000.00	ZAR 820,000.00	ZAR 1,400,000.00	ZAR 1,520,000.00			ZAR 5,035,000.00
TOTAL BENEFITS	ZAR 3,430,000.00	ZAR 6,721,000.00	ZAR 6,508,000.00	ZAR 11,448,000.00	ZAR 13,072,000.00	ZAR 41,179,000.00	ZAR 35,347,857.81	ZAR 5,831,142.19
COSTS								
						Total Costs		
RECURRING & NON-RECURRING****	ZAR 783,700.00	ZAR 1,353,125.00	ZAR 1,287,200.00	ZAR 2,118,087.00	ZAR 2,528,500.00			ZAR 8,070,612.00
TOTAL COSTS	ZAR 783,700.00	ZAR 1,353,125.00	ZAR 1,287,200.00	ZAR 2,118,087.00	ZAR 2,528,500.00	ZAR 8,070,612.00	ZAR 6,945,050.21	ZAR 1,125,561.79
NET BENEFIT OR COST	ZAR 2,646,300.00	ZAR 5,367,875.00	ZAR 5,220,800.00	ZAR 9,329,913.00	ZAR 10,543,500.00			ZAR 5.18

Assumptions

- ✚ All calculations are based on the sample that took part in this evaluation since 2013 to 2017 - 163 Grantees
- ✚ The Cost of Creating a Job is presented as R52 000 based on the cost reported by The Job Fund
- ✚ *Cost Savings are the savings made by providing the grant which in turn created employment
- ✚ **Cost Avoidance is the cost that was avoided by the Grantees by accessing the EDP and Voucher Program. This was estimated at R20 000
- ✚ ***Revenue is the profit made by the grantees from their businesses

***Recurring & Non-Recurring Costs include the amount given to the Grantees and the estimated R20 000 on the EDP and Voucher Program given to the Grantees.

The NYDA Grant program has Benefit Cost Ratio (BCR) of 5.18 which indicates the program will deliver a positive Net Present Value (NPV) in future. This ratio also indicates that the NPV of the program's cashflows outweighs the NPV of the costs which highlights the success of the program.

A ratio of 5.18 indicates that the program's benefits significantly outweigh the costs and NYDA can expect R5.18 in benefits for each R1 of its costs.

9. CONCLUSION

The high rate of youth unemployment in South Africa is well documented. The economy of South Africa can be stimulated if the number of entrepreneurs increase and more jobs can be created. The NYDA Grant Programme plays a pivotal role in encouraging entrepreneurship among the youth and in turn makes a positive contribution to the economy overall.

The first objective was to conduct a cost benefit analysis of the programme to determine if there is a sound business case for the grant programme or not. A BCR of 5.18 indicates that the grant program's benefits significantly outweigh the costs and NYDA can expect R5.18 in benefits for each R1 of its costs. This indicates the success of the grant.

92% found the grant received to have had very valuable (69.3%), valuable (12.8%) and somewhat valuable (9.8%) impact on their businesses. *"...It grew her business; It made an improvement in the image of his company and the service that he's doing; It helped his business grow from what it was..."*

This is an indication that the funding is relevant and even though it can be noted that most grantees would have preferred to get more funding, the role played by the received grant in improving the grantees' businesses should not be ignored.

72.4% of the respondents indicated that their businesses had improved significantly (39.9%) or improved somewhat (32.5%) over the last 24 months of operating their businesses. This is mainly attributed to the NYDA Grant programme. Recipients were very enthusiastic about the grant and being 'accepted' by the NYDA. This in itself was very positive and for some, they noted that they had gained confidence and were proud to be considered as being businessmen and women. Some noted that they could 'hold their own' and approach possible clients with new-found confidence. This they attributed to NYDA.

The majority (32.4) of the businesses indicated that access to finance was the biggest obstacle they faced. This was followed by Transport (17%) which was mostly experienced by those in the Agriculture sector and Environmental sector. The least obstacle was inadequately educated workforce (3.6%) an indication that highlights the unemployment rate among the youth. These obstacles accompanied by the need for skills development - Financial Management as the biggest area they needed to improve and 31% indicating Marketing Sales & Customer Service highlights the gaps and obstacles the youth are facing.

Our data from the sample visited during the assessment highlighted the following key points;

- ✚ NYDA is the biggest funding agency for the youth compared to other funding organisations like GEP, SEDA etc.
- ✚ Employment has been created by businesses that have been funded by the NYDA.
- ✚ The Agriculture sector is seeing more Black Youth involved.

- + All businesses have made a profit of at least up to R30000 in the last fiscal year which is an indication that there is income being generated from businesses owned by grantees.
- + Because of the grant, grantee owned businesses have improved overall.
- + 92% of the grantees indicated that the grant was valuable to their businesses
- + There is a big socio-economic impact that is experienced in the communities where the grantees' businesses operate. Whether it's through giving back to the disadvantaged, mentoring or grantees being perceived as role models.

These key points highlight how successful the NYDA Grant has been and the impact it has had on the Grantees and their communities. Improvements can be made as highlighted in the recommendations section. Importantly, improving the service delivery by NYDA service providers and expanding the NYDA outreach will see more benefits enjoyed by the youth and their communities.

In view of the above, it can be concluded that despite the challenges, the NYDA Grant Programme has had a very significant positive socio-economic impact on the grantees through aspects such as job creation, revenue earning and skills development.