AN IMPACT EVALUATION OF THE **NYDA GRANT PROGRAMME**

for the period April to September 2014

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Background

The purpose this evaluation

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

The objectives of the evaluation

❖ Establish the **relevance (in terms of design and conceptualization) of the Grant programme model** in achieving the objectives of the programme and indicate the necessary and required success factors.

❖ Determine the **effectiveness of the approach** used (at branch level) to deliver grants to young people and to make informed decisions about its effectiveness and appropriateness.

❖ Establish if the staff at branch level have the same **understanding of the programme** and are delivering it as expected.

❖ Identify other relevant stakeholders and how the Grant programme can be **scaled up.**

❖ Determine the **relevance and adequacy of non-financial support** that is being provided to the entrepreneurs and establish if it is assisting grant recipients' businesses to be **sustainable.**

❖ Ascertain the **adequacy and efficiency of the resources** utilised in implementing the Grant programme.

❖ Provide full **description of the businesses** that have accessed the grant funding from the NYDA and establish the operational status of the business prior to the intervention by the NYDA.

❖ Establish **business progress** and its current status since NYDA intervention, that is, determine if there has been any improvement (or not) in the business since it accessed the grant.

❖ Identify the **gaps that are inhibiting** the youth owned enterprises from being successful and determine the causes for the gaps or lack of performance (if any)

❖ Outline the **possible solutions and recommendations** for improving performance of the businesses including NYDA specific or non-NYDA interventions that still needs to be accessed by the business.

❖ **Highlight successes** and record them as benchmarks for other businesses that will be supported in the future

Research methodology

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

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

The research population
Branches

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

- ❖ Bloemfontein
- ❖ Cape Town
- ❖ Durban
- ❖ East London
- ❖ Emalahleni
- ❖ Johannesburg

- ❖ Kimberley
- ❖ Nelspruit
- ❖ Polokwane
- ❖ Port Elizabeth
- ❖ Rustenburg and
- ❖ Soweto

The research population
Grantees

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

The characteristics of the grantees

BRANCH	N	%
Bloemfontein	16	8,1
Cape Town	13	6,6
Durban	14	7,1
East London	24	12,1
Emalahleni	14	7,1
Johannesburg	12	6,1
Kimberley	18	9,1
Nelspruit	21	10,6
Polokwane	33	16,7
Port Elizabeth	18	9,1
Rustenburg	12	6,1
Soweto	3	1,5

TYPE OF BUSINESS	N	%
Cooperative	7	3,5
Registered business	149	75,3
Unregistered	19	9,6
Single person	16	8,1

BUSINESS SECTOR	N	%
Manufacturing	26	13,1
Agriculture, forestry and fishing	10	5,1
Tourism/Tours/Accommodation	3	1,5
Retail	29	14,6
Personal services	23	11,6
Construction	6	3,0
Business services	49	24,7
Motor trade and repair of vehicles, etc.	10	5,1
Food and beverage service activities, catering etc.	6	3,0
Entertainment	9	4,5
Media	6	3,0
Home services	15	7,6

GENDER	N	%
Male	116	58,6
Female	77	38,9
Male and Female	5	2,5

AGE	N	%
18 - 21	5	2,5
22 - 25	17	8,6
25 - 30	78	39,4
31 - 35	88	44,4
Not indicated	10	5,1

GRANT AMOUNT	N	%
Up to R10 000	99	50,5
R10 001 – R50 000	95	48,0
More than R50 000	2	1,0

REASONS FOR INTERVIEW NOT CONDUCTED	N
Not possible to get hold of grantee on details provided	4
On arrival, no-one was available/appointment cancelled at last minute	9

Total respondents: 198

Ethics and limitations

❖ Ethics

➢ Confidentiality of views

❖ Limitations

➢ Branches visited

➢ Availability of grantees

➢ Availability of business documents used by grantees

➢ The increased success in business sectors

➢ The total turnover levels

Findings

Document review

The following documents were reviewed

❖ NYDA documents
  ➤ NYDA Grant Policy
  ➤ NYDA Grant Manual
  ➤ NYDA Branch Grant Approval and Review Charter (BGARC)
  ➤ NYDA Head Office Grant Approval Charter (HOGAC)
  ➤ NYDA Grant Process

❖ The documents pertaining to the disbursement of grants
  ➤ Minutes of the Branch Grant Approval and Review Committee
  ➤ Minutes of the Head Office Grant Approval Committee
  ➤ Grant agreement
  ➤ Proof of payments/Confirmation of disbursements

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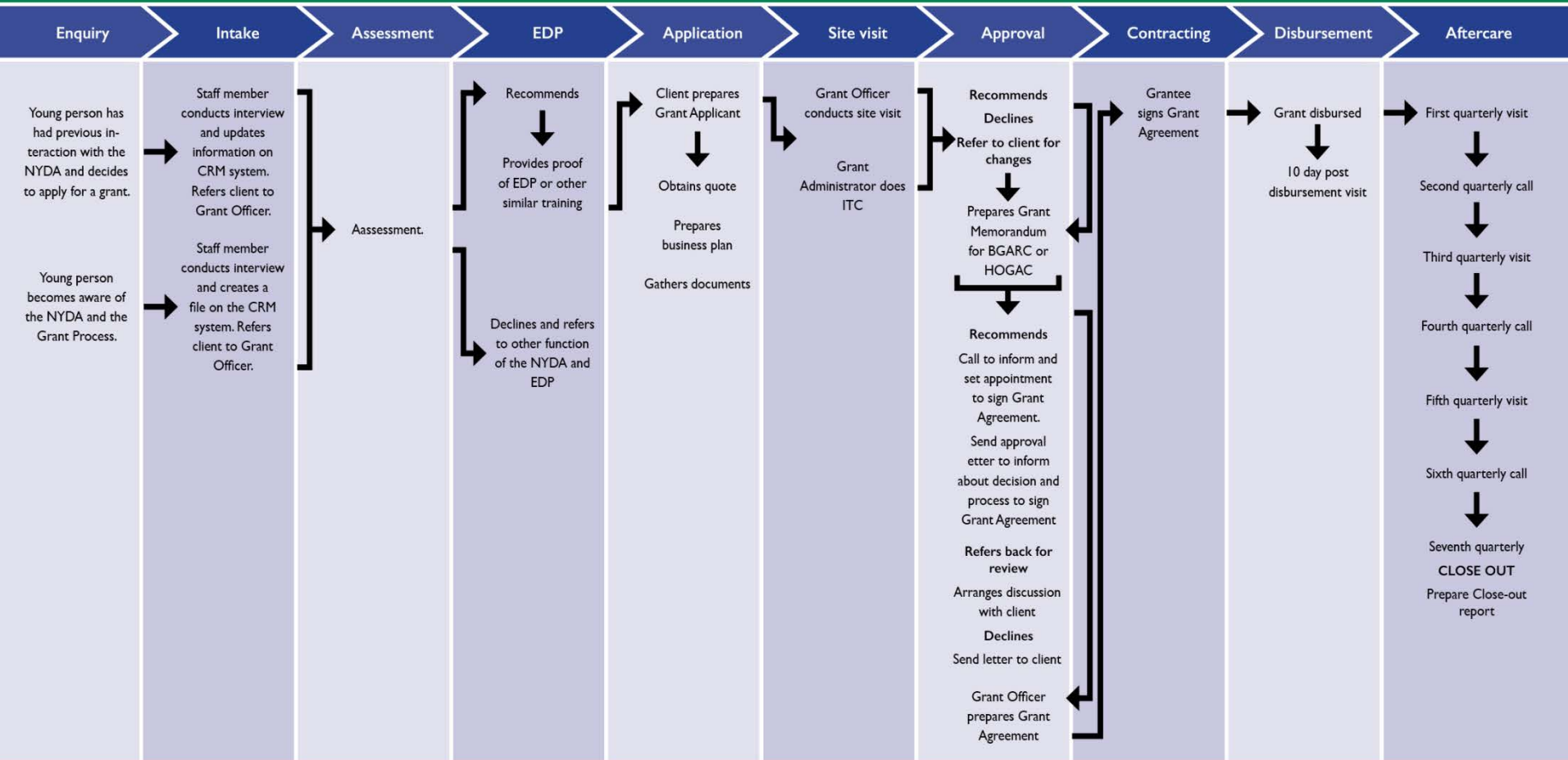 ➤ After care visit reports.

Recommendations and templates created

- ❖ NYDA documents
  - ➢ NYDA Grant Policy - *recommendations*
  - ➢ NYDA Grant Manual - *recommendations*
  - ➢ NYDA Branch Grant Approval and Review Charter (BGARC)
  - ➢ NYDA Head Office Grant Approval Charter (HOGAC)
  - ➢ NYDA Grant Process – *simplified and designed*

- ❖ The documents pertaining to the disbursement of grants
  - ➢ Minutes of the Branch Grant Approval and Review Committee - *template*
  - ➢ Minutes of the Head Office Grant Approval Committee – *template*
  - ➢ Grant agreement - *recommendation*
  - ➢ Proof of payments/Confirmation of disbursements
  - ➢ Monthly divisional progress reports

- ❖ Documents related to a specific grantee or co-operative
  - ➢ Grant Pre-assessment form - *template*
  - ➢ Site inspection report - *template*
  - ➢ Grant Application Form – *template*
  - ➢ Proof of attending the EDP training programme
  - ➢ Due diligence report - *template*
  - ➢ Grant memorandum – *template*
  - ➢ Notification letter
  - ➢ Business records
  - ➢ Proof of linking young entrepreneur with mentor - *template*
  - ➢ After care visit reports – *templates*

- ❖ Other templates designed
  - ➢ Grant file documents
  - ➢ Post-disbursement report
  - ➢ Close-out-report
  - ➢ Voucher form
  - ➢ Summary of vouchers approved
  - ➢ Business plan Threshold 1, 2, 3

Arrange a workshop to finalise the templates and other recommendations

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The Grant Activation and Maintenance Process

Enquiry	Intake	Assessment	EDP	Application	Site visit	Approval	Contracting	Disbursement	Aftercare

Enquiry
Young person has had previous interaction with the NYDA and decides to apply for a grant.

Young person becomes aware of the NYDA and the Grant Process.

Intake
Staff member conducts interview and updates information on CRM system. Refers client to Grant Officer.

Staff member conducts interview and creates a file on the CRM system. Refers client to Grant Officer.

Assessment
Aassessment.

EDP
Recommends

Provides proof of EDP or other similar training

Declines and refers to other function of the NYDA and EDP

Application
Client prepares Grant Applicant

Obtains quote

Prepares business plan

Gathers documents

Site visit
Grant Officer conducts site visit

Grant Administrator does ITC

Approval
Recommends
Declines
Refer to client for changes

Prepares Grant Memorandum for BGARC or HOGAC

Recommends
Call to inform and set appointment to sign Grant Agreement.

Send approval etter to inform about decision and process to sign Grant Agreement

Refers back for review
Arranges discussion with client
Declines
Send letter to client

Grant Officer prepares Grant Agreement

Contracting
Grantee signs Grant Agreement

Disbursement
Grant disbursed

10 day post disbursement visit

Aftercare
First quarterly visit

Second quarterly call

Third quarterly visit

Fourth quarterly call

Fifth quarterly visit

Sixth quarterly call

Seventh quarterly
CLOSE OUT
Prepare Close-out report

Staff involved

| Front line officer Receptionist | Business Development Officer | Grant Officer/ Product Coordinator | EDP Officer Grant Officer/ Product Coordinator | Client | Grant administrator Grant Officer/ Product Coordinator | Grant Officer/ Product Coordinator BGARC HOGAC | Legal Department Grant Officer/ Product Coordinator | Head Office Financial function Grant Officer/ Product Coordinator | Grant Officer/ Product Coordinator Grant Administrator |

Timeline

| 30 man-days | 20 man-days | 24 months |

Analysis of the effectiveness of the Grant Programme on branch level

Conclusions

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

Recommendations

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

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

The analysis of the grantees

The profile of grantees

The quantitative results indicated that most of the grantees

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

The voucher programme

Category	Value
Branding and design	4 7,170
Marketing and promotional material (Printing)	3 8,462
Website development	1 9,231
Business plan	1 7,308
Financial and accounting system	1 1,538
Marketing strategy and plan	7,692
Book keeping and financial administration	3,846
Business feasibility	1,923
Due diligence	1,923
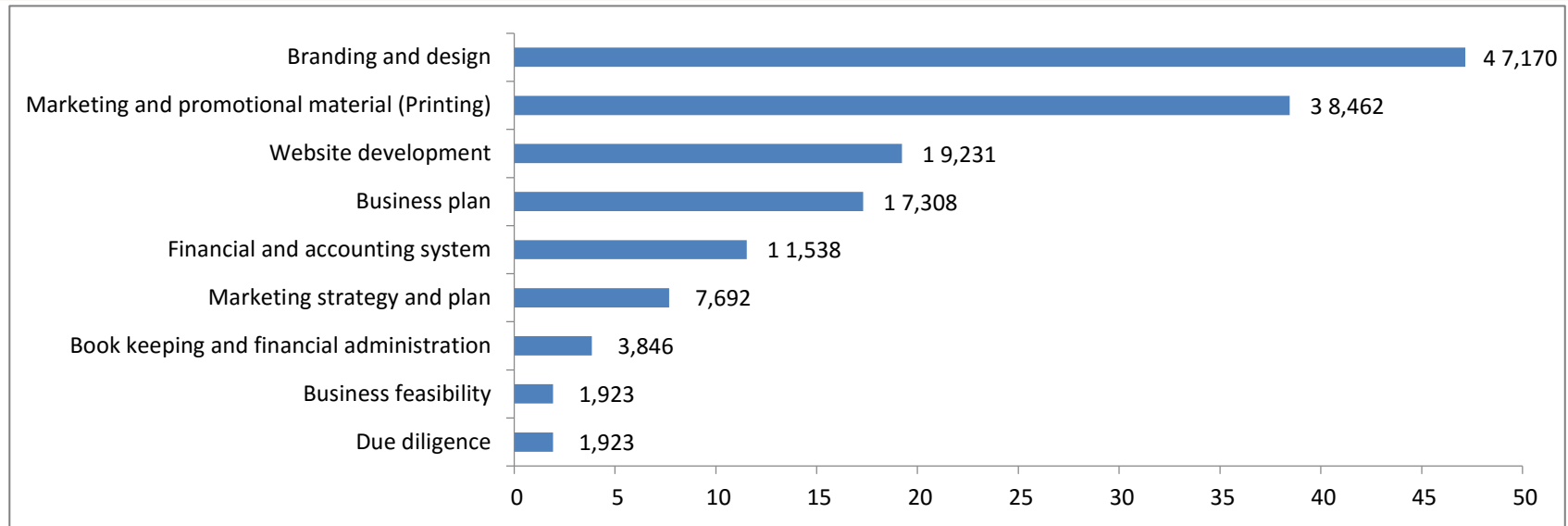
- ❖ The Voucher programme was, together with the EDP training, the most effective additional elements of the grant programme.
- ❖ A total of 294 vouchers were awarded to the 198 grantees that participated in the study. The most used vouchers were
  - ➢ Branding and design
  - ➢ Marketing and promotional material
  - ➢ Website development
  - ➢ Business plan development.

An analysis of the Vouchers Issued by the Business Development Administrator dataset indicated that

❖ 513 vouchers were submitted for payment but that

❖ 194 vouchers expired without being used and

❖ 264 were cancelled without being used.

Concerns

❖ What is the purpose of the Due Diligence voucher ?

❖ Why was the Bookkeeping and Financial Administration voucher not used more?

❖ Suppliers will deliver branding and business plans without involving the grantees

❖ The grantee will be provided with the brand elements, but it will not be used due to cost

❖ The grantees got the benefit from vouchers like Bookkeeping and Financial administration, a Marketing Strategy and plan or a Financial and Accounting system but no training to implement and utilise the product.

Entrepreneurship Development Programme attendance

Chart showing Entrepreneurship Development Programme attendance (values in percentage):
- Attended: 6 5,00
- Added no/very litte value: 5,769
- Some aspects were helpful: 4 8,077
- It added value/ significant value: 4 6,154
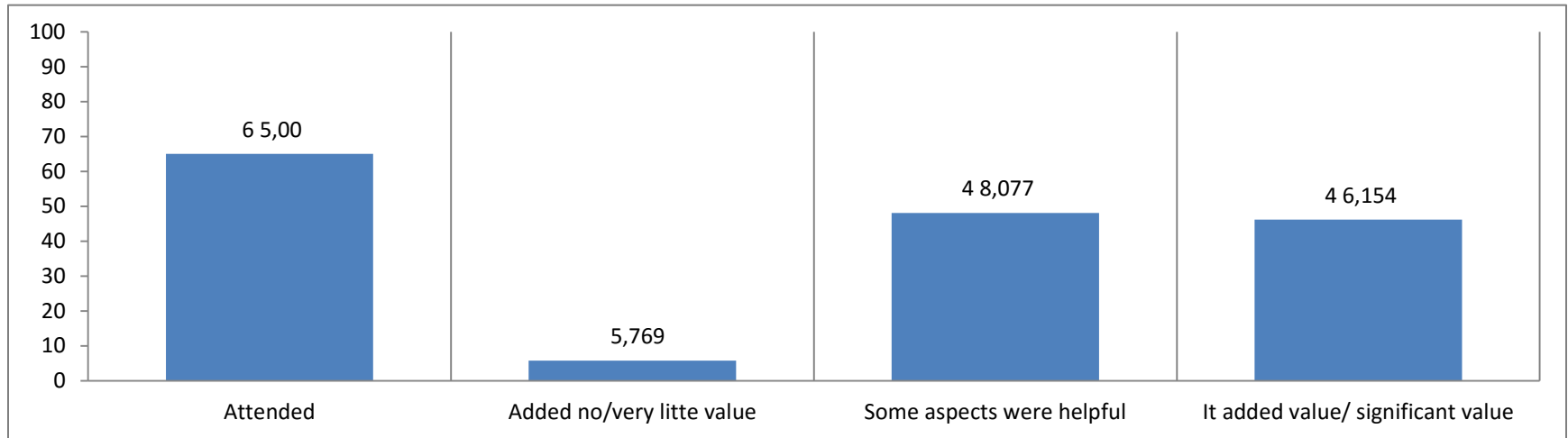
❖ Most grantees did attend the EDP training and felt it added value to their businesses.
❖ The groups that were the most convinced that it added significant value to their businesses were:
➢ Male or male and female businesses
➢ 21 and younger
➢ From Johannesburg, Soweto and Port Elizabeth
➢ Cooperatives and registered businesses
➢ Grantees that were on Threshold 2 and received between R10 001,00 and R50 000,00

Limiting factors

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

➢ It was not interactive enough

➢ The trainers did not understand the realities of the NYDA customers

➢ The delegates did not get sufficient practice in the different elements that they need to implement afterwards

➢ The programme needed to be updated

➢ The programme ought to be aligned with the realities of the NYDA customers and the different Thresholds

➢ There ought to be an online test to determine which elements of the programmes need to be attended, and if at all

➢ It is too intense for a person with no business background.

Non-financial benefits

The quantitative results supported the qualitative results that very few
 referrals:

❖ market linkages

❖ business registrations and

❖ mentorships

❖ were provided

The impact of aftercare visits

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

Category	Value
Aftercare visit	82,7
Added no value	5,1
Added very little value	7,1
Added some value	59,6
Added a lot of value	28,2

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Job creation as a result of the grant

About 50% of the business surveyed created either a part time or a permanent job. Thus as a result of the grants a total of **300** jobs, in addition to the 198 of the entrepreneurs, jobs of the were created. All the industries benefitted from the jobs created, but some benefitted more.

The most part time jobs were created in:
- ❖ Construction
- ❖ Home services
- ❖ Entertainment.

The most permanent employment was created in:
- ❖ Motor trade and motor repairs
- ❖ Home services
- ❖ Manufacturing

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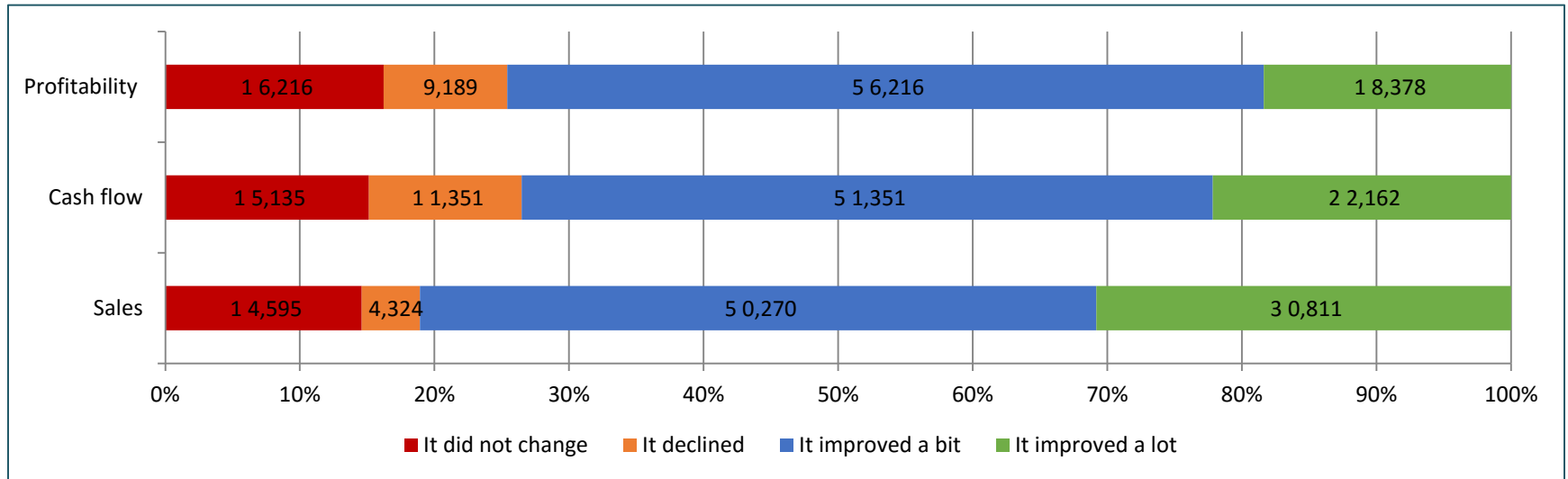
The grantees that indicated they benefited a lot from the grant on all three factors tested, had registered business that were typically:

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

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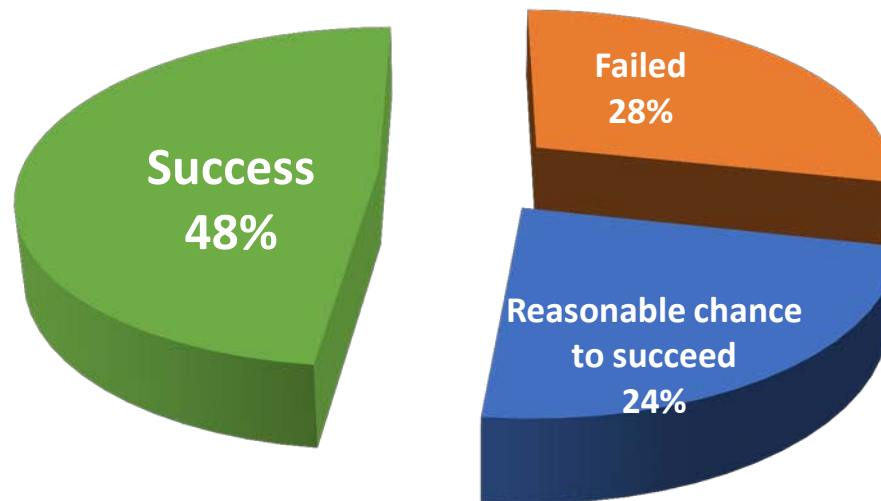
- ❖ Female businesses were perceived to be more sustainable than male owned businesses
- ❖ Businesses where males and females were involved were rated as the least sustainable
- ❖ Grantees older than 31 had the most sustainable businesses and those younger than 21 the least
- ❖ Cooperatives were rated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

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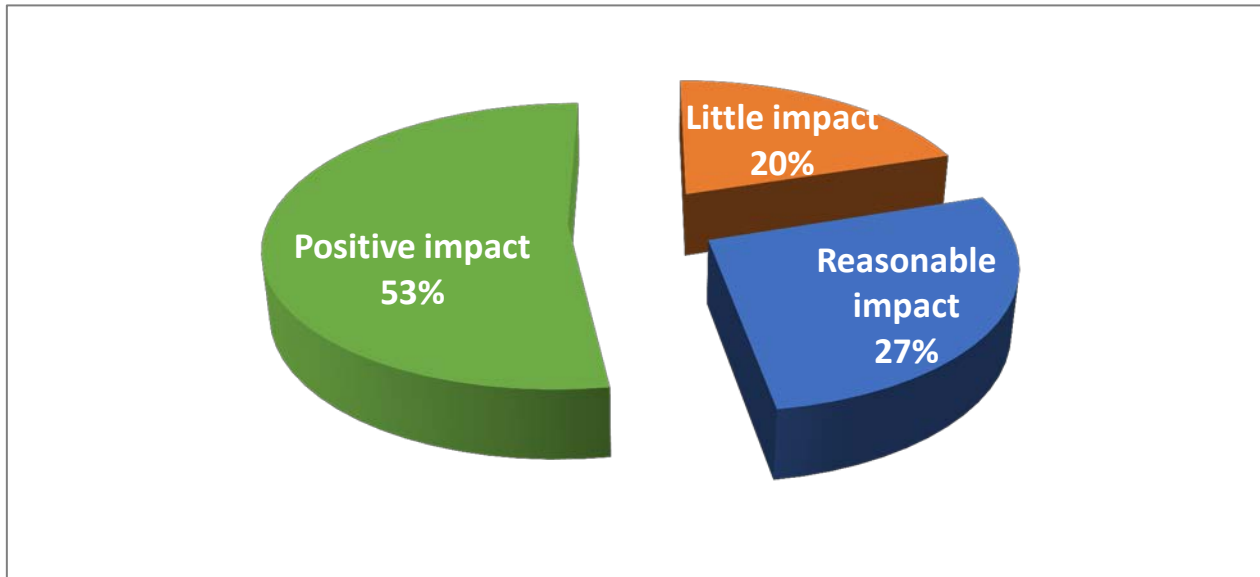
The results indicated a strong causal relationship between the success of businesses and the NYDA grant. This relationship was the strongest amongst:

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

Factors indicating potential to grow a sustainable business

In order to determine which of a set of possible factors can be used to predict business success, the data was subjected to a next level of analysis using Question 20 *Is the business ready to go to the next stage of growth*? as constant.

It was concluded that businesses that are ready to go to the next growth stage, will have the following characteristics:
❖ The owners are between 31 – 35
❖ Registered and needed money to grow
❖ Providing business services
❖ Will have had a positive experience of aftercare
❖ At the start-up threshold and got a grant of R10 001,00 to R50 000,00
❖ A creator of permanent employment.

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

The following factors were not identified as predictors of readiness to go to the next stage of growth:
❖ Whether you are male or female – as long as it is not both in the same business because that is bound to fail
❖ Attendance of the EDP training
❖ The use of vouchers
❖ What the grant was used for.

Conclusions and recommendations

Staff was trying their best to implement the process

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

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

Conclusion	Recommendation
The quantitative research indicated that certain demographic and grant information were evident in success businesses.	Grantee businesses that were rated the most successful were: • Female owned • The grantee was older than 31 • The business was on the Threshold 2 Grantees that were rated the least successful were: • Businesses where males and females were involved in the same business • Grantees that were younger than 21 • Cooperatives and • Grantee that got a grant on Threshold 3
Young people did not understand the responsibilities of being an entrepreneur and the purpose of a grant.	Young people ought to be made aware in presentations and marketing material that a grant is a responsibility and not a right. They must understand that it is not a short term solution, but that it should be used to grow a business in the long-term. They should understand that being a business owner is hard work every day and that they must constantly think of growing their businesses and not of spending the money the business was bringing in.
Grantees that worked in a business they wanted to start are more successful.	Motivate applicants to gain experience in an industry before they start a business, having worked in a business would enhance their chances of success.

Information on the grant programme is complicated and not aligned

Conclusion	Recommendation
The Grant Policy and Grant Manual are not aligned.	Align the two documents as recommended on the documents
The Grant Manual is not user-friendly.	Simplify the Grant Manual to cover only the following aspects • The requirements to apply for a grant • The requirements for the three thresholds • Marketing the grant process • The different stages in the grant application, approval and disbursement process • Aftercare • Non-financial assistance provided
The grant process document is too complicated.	Consider the diagrammatic representation of the grant process to explain the process to staff and clients.
The forms used in the grant process were not integrated and repetitive.	Consider the integrated forms developed to support the programme. Arrange a workshop with the relevant people to workshop the different forms before they are rolled out . Put all the forms on line and provide grant officers with tablets to enable them to complete forms in real time and store photographs online.

Information about the grant programme was confusing and inaccurate

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

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

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

Information obtained during the Pre-Assessment interview did not facilitate assisting the best candidates with grants

Conclusion	Recommendation
The quality of the information captured during the assessment interview did not identify young entrepreneurs with potential accurately.	Train the staff members in interview skills and the importance of an accurate assessment to ensure that accurate information is provided. Ensure that there is sufficient time for the person to interview the person. Use the recommended form and capture the information online in a system that will do the required calculations and indicate if the person qualifies for a grant and at which level.

The Entrepreneurship Development Programme did not add the value it could

Conclusion	Recommendation
The entrepreneurship development programme did not enhance the success potential of clients due to the out-dated and misaligned content as well as the presentation style by untrained presenters.	Create an online training programme where young people can test their entrepreneurial knowledge and skills. The outcome of the test would indicate if the person has enough knowledge and skills to start and/or grow a business, to do just certain modules or to do all the modules at foundation, intermediary or advanced level. Up-date the content to be in line with the needs of the NYDA grantees and with the rules and regulations relevant to small business. Workshop the content with representatives from the different branches. Package the content in an interactive and practical training style and present it in an edutainment style. Recruit qualified trainers with a background in presenting edutaining business and management training.

The Entrepreneurship Development Programme did not add the value it could

Conclusion	Recommendation
The practical work done during the EDP training did not add any value to the business the client wanted to start or grow.	Include practical work that is applicable to the business of the client – from developing a business plan to branding, financial management and employee contracts. Provide the clients with templates that they would be able to apply in their businesses – both soft and hard copies. Ensure that the delegate workbook provides guidelines the clients will be able to apply in their businesses.
The programme was too intense for the applicants.	Many of the grantees did not have any entrepreneurial background and especially not about financial management. It is recommended that the programme be presented over a longer period of time and modular.

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

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

Obtaining a quote is important but problematic

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

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

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

nyda
NATIONAL YOUTH DEVELOPMENT AGENCY

Business DNA
informed decisions

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

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

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

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

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

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

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

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

The minutes of the BGARC differed significantly between branches

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

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

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

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

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

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

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

The business documents developed were too limited

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

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

Conclusion	Recommendation
Aftercare and growing successful businesses were not a Key Performance Area for branches and grant officers thus little effort was made to deliver on it.	Make aftercare and growing successful businesses key performance areas of branches and grant officers.
It was not possible for branches to conduct eight quarterly aftercare visits due to the capacity of the branches and the distances to be travelled to get to the grantees.	Do some of the visits in person and others telephonically, supported by photographs taken of specific aspects of the business.
Grantees did not submit monthly financial reports to the branch as required	The grantees should be made aware of their responsibility to submit monthly financial statements to the grant officer. They could share it via email or send a photograph of statement to the grant officer. The grant administrator could capture the information in the electronic file of the grantee. This will be an early warning system that a grantee is running into trouble. Getting a telephone call from the grant officer might just be what is required to get the grantee motivated and back on track.

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

Conclusion	Recommendation
The first visit to the grantee 10 days after the disbursement of the grant should not be called an aftercare visit and should not be linked to 10 days.	The visit ought to be called the Post-disbursement visit and should focus on ensuring that the goods and stock were received and installed and that the grantee has the necessary processes and procedures, as taught during the EDP training, in place. Photographic evidence of the equipment and stock as well as the various other elements of the business must be captured and stored online. The supplier ought to send the delivery note to the NYDA as soon as the goods and stock are received by the grantee. The grant officer should then schedule a visit within 10 days. No attempt ought to be made to determine growth, as the benefit of the grant will not be visible yet.

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

Conclusion	Recommendation
The aftercare reports were not focused and did not provide information to indicate if the grantee is optimising the benefits of the grant and that the business is growing	Use specific forms for the Post Disbursement visit, the telephone and in-person visits and the close-out visit report – as designed. All these interviews, be it in person or telephonically ought to be captured in real time, on line or on a tablet while visiting the grantees. If a grantee is called, a set of supporting photographs ought to be submitted by the grantee as well. The photographs can be mailed or send with the mobile phone. The conclusions made by the grant officer on the different businesses ought to be used as is to compile the monthly report on the grant programme.
Grant officers were negative about aftercare as grantees were not implementing the advice the grant officers were giving them and there was no recourse.	Ensure that grantees understand their responsibilities with regard to growing successful businesses and the importance of implementing the advice and experiencing success.

The voucher programme was not adding the value it should

Conclusion	Recommendation
Too few vouchers are being awarded and activated	Every grantee ought to get a voucher on the approval of the grant. The grant officer ought to check the activation and the implementation of the voucher. The vouchers ought to be aligned with the progress the business has made in the two years and the Threshold the business is on. Some vouchers are more applicable to a business once it is established than when it is starting out.
Some of the suppliers did not provide quality products to the grantees	The suppliers in the database ought to be informed about the characteristics of the NYDA grantees and that, despite the fact that it is small entrepreneurial businesses the deliverables must be of the highest quality. The grant administrator ought to do a quality check on all the deliverables before the supplier is paid.

The voucher programme was not adding the value it should

Conclusion	Recommendation
Suppliers refused to deliver products because they were not paid.	NYDA ought to ensure that suppliers are paid promptly on delivery of the products, according to the required quality.
Grantees were not involved in and competent to optimise the value of the voucher.	Suppliers ought to agree to involve grantees in the development of products, e.g. creating a logo and developing a business plan. The grant officer ought to discuss the value of the product with the grantee during the aftercare telephone call or visit. It should be ensured that the Financial management and Administration systems provided by the voucher programme is aligned with the content of the EDP. Training ought to be provided to ensure that the grantee is able to implement the voucher to its fullest
Some grantees could "graduate" to being a supplier on the Voucher supplier list.	If grantees proved that they can be a sustainable supplier allow them to be listed on the Voucher list.

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

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

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

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

Communication with head office was not perceived as effective

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

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

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

Success is not celebrated

Conclusion	Recommendation
In the grant process there were branches, grant officers and grantees that excelled and the best practices they exemplified need to be celebrated	Arrange an annual gala event where excellence is recognised. Acknowledge: • the best branch based on the number of sustainable businesses they grew and the number of jobs created • The best grant officer on the number of sustainable businesses he facilitated and the number of jobs created • The best grantee on the different Thresholds. The award in this category could be a special voucher, a special grant, a market link or a listing on the NYDA supplier list. The grantees ought to be featured in the media and assisted to handle the growth that might result from the publicity. One of the responsibilities of the award would be that the grantee need to mentor one new grantee.

Concluding remarks

❖ South Africa needs entrepreneurs to create new job opportunities

❖ The role of the NYDA grant programme is critical in this

❖ The grant programme is making a positive contribution to the lives of several young people

❖ It created job opportunities

❖ The grant programme is built on a sound process

❖ The process is misaligned, complicated and time-consuming

❖ By applying a few changes the programme could be more effective

❖ It is imperative to review the way the non-financial needs of grantees are met to ensure that successful young entrepreneurs can grow sustainable business.