

# UYF Impact Assessment and Programme Evaluation of the Business Consultancy Services Voucher Programme

## Final Report

December 2007



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## **EXECUTIVE SUMMARY**

Small medium and micro enterprises (SMMEs) have potential to stimulate local economic development, through employment creation and the promotion of sustainable livelihoods. This potential is often not realised due to non-existent or non-functional infrastructure, unskilled and non-productive human resources, non-functional, bureaucratic and unaccountable public and private institutions, lack of access to essential technology and inputs including information. These lead to unfavourable business climate and market failures. Over the years stakeholders have realised the need to capitalise on this potential through market development approaches targeted at addressing the market failures that create disadvantages to SMMEs, reconsidering public policies and regulations and investing in public goods that enhance markets and market access.

Voucher programmes are entitlements with a given value which are redeemed in exchange for goods or services. For effectiveness they require networks of capable and committed service providers, efficient and cost effective mechanisms for redemption, clear procedures, potential for integration into existing systems and channels for sustainability and sound monitoring system. Voucher programmes are designed with the underlying principle to stimulate and develop vibrant private sector markets where these are weak.

South Africa has experienced favourable growth in its economy generating new jobs, broadening the consumer base and providing rapid growth in investment. The major sectors driving this growth have been construction (13.2 percent), finance and business services (7.9 percent) and retail and wholesale trade (6.9 percent). Excluding agriculture and mining, the economy grew by 5.2 percent. The country has a challenge to attain economic development while addressing employment creation and poverty. The South African entrepreneurial activity has not improved since 2001 despite the majority of small enterprises getting financial support from private and public financial institutions. Unemployment is high and particularly so amongst youth. The plight of youth remains largely under addressed which is where targeted programmes such as the UYF Business Consultancy Service (BCS) voucher programme (BCSVP) are necessary.

Umsobomvu Youth Fund (UYF) was established by the South African government and has been operational since January 2001 and the BCSVP implemented in response to the findings commissioned by UYF in 2002. The BCSVP is a flagship business development support service aimed at assisting young entrepreneurs to access quality business consultancy thereby enhancing their participation in the mainstream of the economy. The overall BCS objective is to enable potential and existing entrepreneurs to acquire innovative business development through the use of the voucher for business creation, improvement and sustainability. The BCS is the first electronically based business support aimed at providing technical support to Small Micro and Medium Enterprises (SMME) in South Africa and is designed to assist young entrepreneurs to access business development interventions. These interventions are largely provided on a one-to-one basis and range in value from R1, 500 to R20, 000 where clients contribute a flat rate of R 200 for the required service and can access up to four vouchers.

The aim of the BCS is thus to link potential SMME clients to business development Service Providers in the establishment and growth of their businesses. The BCS voucher empowers young entrepreneurs to develop by providing them with a means to purchase technical assistance and

managerial support that they need for the creation of sustainable and competitive youth owned enterprises that are active in the following growth-oriented sectors of the South African economy:

- Tourism
- Information, Communication and Technology
- Manufacturing
- Construction
- Agro-processing.

UYF commissioned ECIAfrica Consulting (Pty) Ltd to conduct a full programme review and assessment of the BCS voucher programme and to then make recommendations for the future implementation of the programme. The evaluation was undertaken at four levels with 10 allocating agents, 80 Service Providers, 417 Young Entrepreneurs and UYF staff working on the programme. The programme evaluation involved a literature and documentation review and analysis of programme related databases.

### **Allocating Agents**

An Allocating Agent (AA) is an organisation appointed by the UYF to facilitate the implementation of the BCSVP in the selected locality or province. The role of the AA is to market the service to young people, recruit prospective clients, assess the client's business support needs, link clients to approved Service Providers and monitor service provision by the Service Providers.

### **Services Providers**

A Service Provider (SP) is a private/ public sector organisation with specialist business consultancy skills that has been contracted by Umsobomvu to offer approved Business Development Services to clients selected for the BCS. Service Providers are approved by and contracted to Umsobomvu. The activities of the Service Providers are monitored and managed by the Allocating Agent. The current service provider directory lists 267 accredited Service Providers distributed unevenly across the nine provinces.

### **Young Entrepreneurs**

From the UYF database, a population of 22 616 firms have applied for 36 433 vouchers from the programme. From the population of voucher applicants who applied from the programme we drew a sample at 95% confidence interval of those who were issued with vouchers and those that were declined a voucher, taking the location and geography of the voucher applicant. The resultant sample was 380 young entrepreneurs.

The table below shows the composition of each sample and the actual number of successful interviews in each of the nine provinces.

**Table 1: Composition of Samples**

Province	Young Entrepreneur Firms			Service Providers		
	Population*	Sample	Actual interviewed	Population	Sample	Actual interviewed
Eastern Cape	3 596	96	79	33	10	15
Free State	1 533	20	13	25	8	12

Gauteng	4 465	100	112	72	22	20
KwaZulu Natal	4 500	55	88	36	11	12
Limpopo	1 605	36	44	20	6	5
Mpumalanga	3 070	16	18	26	8	3
Northern Cape	1 237	9	10	10	3	4
North West	1 144	10	13	12	4	3
Western Cape	1 466	38	40	33	10	6
<b>Total</b>	<b>22 616</b>	<b>380</b>	<b>417</b>	<b>267</b>	<b>80</b>	<b>80</b>

\* All valid people who applied for a voucher in the BCSVP and registered in InTouch between 2002- May 2007

### **InTouch Database analysis**

Data captured in the management information system for the BCSVP was cleaned and analysed to provide profiles of youths who had accessed the voucher programme since inception and information on the cost of vouchers issued and redeemed through the programme.

## **Key Challenges of the Study**

There were three key challenges in undertaking the impact assessment and evaluation of the voucher programme.

### **i. Locating the young entrepreneurs**

The samples of young entrepreneurs drawn from the InTouch database were difficult to locate, with many cell phone contacts either not operating or out of service. This was experienced across all provinces. The contact details recorded in the database were outdated and assistance had to be sought from AAs and SPs to select young entrepreneurs that were available for the survey.

### **ii. Analysis of the InTouch Database**

The InTouch database has fields for the date of applications, interviews, approvals, issue and activation of vouchers. The dates recorded in the database are invalid to make an informed analysis of the actual flow of the voucher application and approval process. The approval date for 12,031 of the 36,433 applied vouchers is recorded as prior to the beginning of the programme. Similarly the activation date authorising the SP to begin the intervention is recorded prior to the beginning of the programme for over 20,000 of the 36,433 vouchers.

The current system renders it difficult to assess the client interaction with the fund in relation to multiple vouchers, as records are included in the system per voucher application. Comparisons on the number of vouchers in the sample and the client population was not possible considering that the system is not work flowed and tied to client profile in the life-cycle of the programme.

### **iii. Balance between developing service providers and programme execution**

ECIAfrica collaborated with 7 provincial service providers (including one youth owned service provider) as a means of developing capacity of BEE firms. This took time in bringing all service providers to the right level of understanding of the UYFBCS voucher programme principles and helping them to conduct the study in a standardised manner. While this created delays in the study, it has developed the needed capacity at provincial level.



## **Summary of Findings**

The programme is currently operational in 9 provinces working with 10 accredited AAs, 267 SPs and 22, 616 YEs. 42 services are accessible in 14 broad categories of tendering, web-based marketing, accounting, bookkeeping, business feasibility, branding, memorandum of understanding, legal services, business and financial administration, business registration and marketing plan.

Vouchers with the highest frequency are for business plans (58.1%), branding (9.1%), business registration (7.4%) and web-based marketing (4.2%). This pattern is consistent with the maturity of the programme and the target market which is dominated by new entrants in the business environment. The programme has both rural and urban outreach with urban areas receiving the highest number of vouchers. Provincial level analysis shows Gauteng being the largest recipient with 26.1% of the issues vouchers while the lowest is in Mpumalanga at 7%.

There is a general satisfaction with the criteria and process but with the turnaround time not being adhered to in all cases. Noted improvements include adding structure and/or guidelines and detail to the process while at the same time working on impediments efficient turnaround time.

YEs have their applications reviewed and vetted by AAs. There is flexibility already practiced by some AAs to adapt this process to suit and fit within their current practice but without disadvantaging the YEs. There is a satisfaction with the process and results show efficient processing time of 1 week in the majority of cases. Approval of application is followed by payment of part fees by the YEs which allows them to select and use any of the approved SPs in their area. SPs are selected based on recommendations from AAs, consulting the service directory, recommendations from other clients, service offering, reputation and convenience in location. The evaluation found that there was a general satisfaction with the SPs considering value for money (85%), venue (93%), duration of service (74%) and the content delivered (86%). From the sample covered by the evaluation some, 24, YEs had their applications declined for lack of sufficient research while the others had not received feedback from their AA. Once services are offered and the necessary documentation is prepared and presented redemption is done through the AAs to UYF for payment. The process is supposed to be completed with 30 days though the review sample showed cases where this extended to 3 months. Processing delays are impacting the SP cash flows.

The processes related to application, accreditation and vetting were found to be favourable in terms of simplicity and clarity of expectations. There were noted improvements required in turnaround time. Concerns were raised on the capacity of the UYF to effectively deliver in the context of increased scale of outreach though this is likely to be addressed with considerations being made on decentralisation of processes. In addition there is a noted need to review and critically analyse the roles of AAs and UYF to reduce duplication of efforts.

Despite the laid out process indications of insufficient communication were observed at some levels such as between SP and AA and SPs and UYF on issues related to changes in processes and staff, feedback, duration and quality of interventions and submission of reports and contact details and orientation and meetings.

Predominant channels being used to promote the programme include radio/TV, print media and word of mouth. Other channels used include networking and partnerships, exhibitions and presentations. In general there was satisfaction with these approaches. One AA did not have independent promotional strategies as it relies on the UYF's marketing initiatives. Strategies for promotion in remote and rural areas are needed. More commitments need to be made to enhance the UYF brand identity and visibility, marketing resources and partnerships.

The programme has also contributed to the establishment of enterprises with the majority, 70%, of the firms having been formed during the period when the programme was introduced. A relatively balanced gender outreach has been attained with 54.2% % men and 45.5% women.

Relevant management information systems have been put in place with application gaps noted in accuracy of data on approval dates, activation dates and sector representation of YEs. This presented challenges in analysing turnaround time of services. There is need for more regular database updates and entering of programme data and indicators.

## **Recommendations**

Broad areas of recommendation are:

- Improve the Information Flow
- Improve marketing of the programme using innovative methods
- Quality control of SP products at AA and UYF level
- Enhance performance management indicators

## **1. INTRODUCTION**

Small medium and micro enterprises (SMMEs) have the potential to stimulate local economic development, through employment creation and the promotion of sustainable livelihoods. For this potential to be realised there is need for support that enhances enterprise growth and sustainability.

Increasingly government programmes targeted at small enterprise development programmes have adopted the market development as an approach to stimulate small business development. Through the approach small enterprises access markets for goods and services, inputs (including information, technology, and competitively priced materials) and for other financial and non-financial services for attaining growth and competitiveness.

Umsobomvu Youth Fund (UYF) was established by the South African government and has been operational since January 2001 with the mandate to facilitate and promote job creation and skills consultancy for young South Africans. It makes strategic investments that facilitate opportunities for young people to acquire skills, to access job opportunities and/or create meaningful employment through promotion of viable small businesses. It is the single largest investment that the government has made to address the youth unemployment challenge in South Africa.

Since 2003, the UYF pioneered the launch of the first Business Consultancy Service (BCS) Voucher Programme piloted in five provinces; Gauteng, Eastern Cape, Kwazulu Natal, Limpopo and the Western Cape. The concept of the BCS voucher was informed by research commissioned by Umsobomvu in 2002 which informed the need for a market driven business development service to address the needs of potential and existing young entrepreneurs. The BCS Voucher Programme has four specific objectives:

- to create a conducive environment for youth entrepreneurs to access relevant technical assistance and managerial support for their businesses;
- to empower youth entrepreneurs by providing them with the means to purchase the technical assistance and managerial support that they need;
- to support the creation of sustainable and competitive youth owned enterprises that are active in growth oriented sectors of the South African economy; and
- to support Service Providers to continuously develop innovative and demand driven products through capacity building.

The services under the programme are provided largely on a one-to-one mentorship basis and range in value from R750 to R18, 000 with clients contributing a flat fee of R 200 for the required service and can access up to four vouchers. The vouchers allow young entrepreneurs to pay for technical assistance and managerial support needed for the creation of sustainable and competitive growth oriented enterprises for growth of the South African economy. The BCS is the first electronically based business support aimed at providing technical support to Small Micro and Medium Enterprises (SMME) in South Africa.

The BCS Voucher Programme specifically targets enterprises in the following growth orientated sectors:

- Tourism

- Information, Communication and Technology
- Manufacturing
- Construction
- Agro-processing

UYF engaged an economic development consulting firm, *ECIAfrica Consulting*, to conduct a full programme review and assessment of the BCS Voucher Programme, and then to make recommendations for future implementation of the programme to better address and serve the needs of potential and existing young entrepreneurs in South Africa. The specific objectives of the assessment are::

- To evaluate the impact of the BCS Voucher Programme (social cost benefit) - on clients who have accessed the services; the service provider network; the allocating agents and the UYF voucher team.
- The evaluation of the processes that were used in the implementation of the BCS service delivery – this includes the actual process; the operations ; the tools; the systems used; the relationships between the components; and stakeholders involved in the delivery of the service.
- To provide examples of good practice and learning that can be used in improving the implementation of the BCS Voucher Programme.
- The compilation of case studies and best practices that would be used for knowledge management and be shared with other UYF divisions and partners.

The evaluation was undertaken at four different levels: the Client, Service Provider, Allocating Agent and Umsobomvu level. This report presents the findings of the assessment.

## **2. VOUCHER PROGRAMME MODEL AND NATIONAL CONTEXT**

### **Introduction to concept**

The underlying principle of a voucher programme is to stimulate and develop a vibrant private sector market for provision of business development services and products. This represents a shift from the traditional supply-driven approach which disregards the needs of the consumers and beneficiaries. Phillips (2003:3) defines vouchers as targeted subsidies that go direct to the user or service provider. Cave (2001:1) defines vouchers as 'regimes in which individuals receive (pay for or are allocated) entitlements to a good or service which they may 'cash in' at some specified set of suppliers, who then redeem them for cash or the equivalent from a funding body'. Vouchers are therefore a mechanism through which products and services are made accessible using market channels. They are one of the range of social protection instruments used to respond to target groups in particular vulnerable or disadvantage situations. In designing voucher programmes key considerations include:

- The existence of a network of capable and committed service providers in targeted areas
- Efficient and cost effective mechanisms for redeeming the vouchers
- Clear procedures for the redeeming process
- Potential for integration into existing system and channels for sustainability
- Sound monitoring system

Vouchers are then used to reduce the risk of purchasing a service for which the small enterprise has not perceived a previous demand. It therefore is a demand side tool, serving to stimulate latent or weak demand for a product of value for economic growth. Goldmark et al (2001:8) throw caution on this point by arguing that 'a critical element of successful market development is information. The voucher alone does little to stimulate demand if voucher recipients cannot locate an appropriate service provider'. From the above information, the voucher should therefore serve to align supply and demand. It should also create competition for consumers among service providers thereby stimulating them (service providers) to create new products/services, identify niche markets and seek new markets.

### **Theoretical Underpinnings**

The driving force and rationale for business development programmes is that in many countries, market failures and the business climate hinders the optimal consumption of the services that could improve the economic performance of small enterprises.<sup>1</sup> Some of the environmental factors that could lead to sub-optimal level of business performance include:

- Non-existent or non-functional infrastructure ( such as roads, telecommunications and markets)

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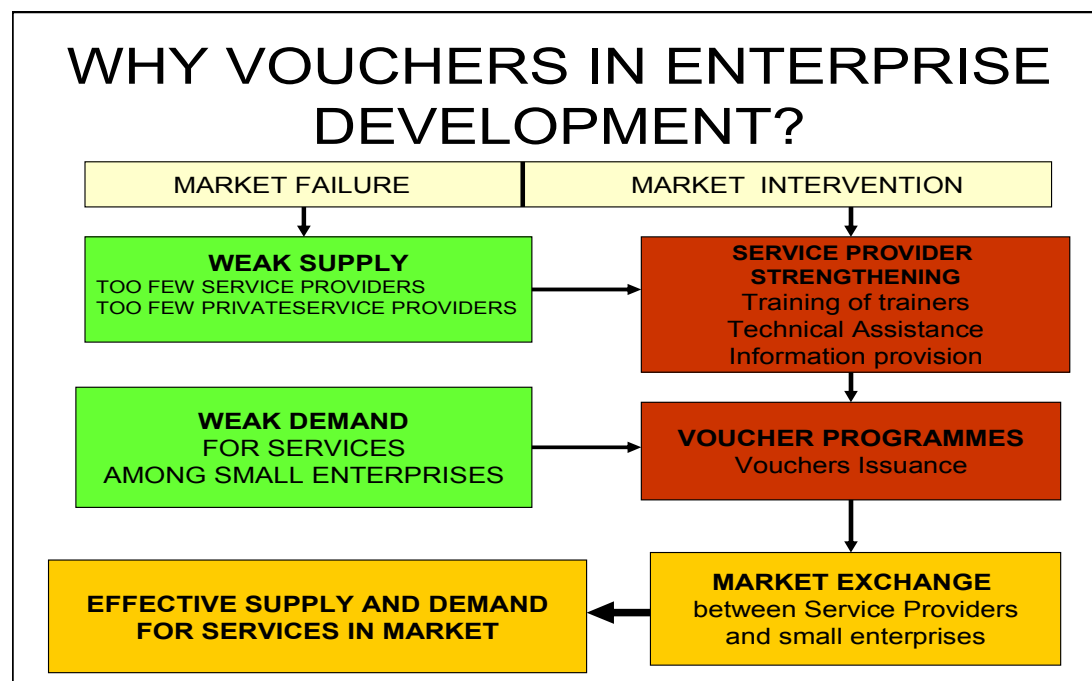
<sup>1</sup> Vouchers: From Practice to Principles, Lara Goldmark, Linda Fitzgerald, September 2001

## IMPACT ASSESSMENT AND PROGRAMME EVALUATION OF BUSINESS DEVELOPMENT SERVICES VOUCHER PROGRAMME

- Unskilled and non-productive human resources
- Distorted, non-functional and inaccessible markets
- Non-functional, bureaucratic and unaccountable public and private institutions
- Lack of access to essential technology and inputs
- Lack of and costly access to key information,

An interplay of these factors will affect the successful business operation. In turn, response mechanisms to the challenges could vary from investing in infrastructure, setting market information and infrastructure and skills development programmes. While these are in place access to the services by the end users can be constrained by a range of factors of which market failure and affordability is one. In addressing these, voucher programmes can be considered as an alternative to stimulates markets on the supply side while enhancing access on the demand side. The market failures which are typically cited as being responsible for a sub-optimal level of transactions in the business development service (BDS) market are illustrated in Figure 1 as follows:

**Figure 1: Voucher Model**



Source : Author's Depiction

- Business development services have elements of a public good, or in other words, there exists externalities, benefits to a society as a whole, from their consumption which cannot be wholly priced into the market.
- The provision of services for micro and small enterprises is an infant industry which needs to be nurtured before it can reach optimal level of transactions.

- There are information asymmetries, in which providers and consumers have insufficient information to create optimal exchanges.<sup>2</sup>

Vouchers are targeted subsidies with the subsidy going direct to the voucher user or service provider.<sup>3</sup> There are primary objectives related to the use of the vouchers and these are:

- Distributional objectives: where an institution wishes to promote equity in an economy such as the case with UYF targeting youth mainstreaming into the economy. The Umsobomvu Youth Fund as highlighted by Bilikwana and Koboka (2002) has been incorporated to address the youth development issues through the facilitation of their entry into mainstream economy.
- Paternalistic objectives: providing free goods to targeted clientele such as agricultural vouchers for agri-inputs
- Externality generating objective: this is aimed at reducing market failure and developing markets.

The UYF BCSVP is clearly targeting the first and third objectives by creating a conducive environment for youth entrepreneurs to access relevant technical assistance and managerial support for their businesses and linking supply and demand aimed at reducing market failure and developing markets.

## **Market development approach**

The market development approach advocates that governments direct interventions are as follows:

- Addressing the market failures that create disadvantages to the SMMEs, restrict their market access, and inhibit the development of markets for financial and non-financial services appropriate for small firms;
- 'Reconsidering public policies and regulations that produce fixed costs and thus create a competitive disadvantage for small firms' World Bank:2001:11; and
- Investing in public goods (information, strategies, research) that open market access and develop markets for support services.

This approach calls for a shift in the role of public institutions away from direct provision of services and benefits to small enterprises, toward the development of markets and networks. Focus can be placed in three areas of business environment, financial services, and business services. Public institutions can then focus on the business environment. The business environment has a direct effect on the competitiveness of small enterprises and can raise entry and exit barriers.

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<sup>2</sup> Department for International Development, November 2000. "Making Markets Work Better for the Poor: A Framework Paper," United Kingdom: Department for International Development.

<sup>3</sup> Phillips D A (2003) Development Impact Study of the Kenya Training and BDS Voucher Programme

## **South African Economic and Business Development Context**

The development of SMMEs is governed by the National Small Business Act and the White Paper on SMME development from 1995. The Small Enterprise Development Agency was established in 2004 in terms of the National Small Business Act. This law merged the previous small enterprise development agencies, namely Ntsika Enterprise Promotion Agency, NAMAC Trust and Community Public Private Partnerships (CPPP) into a single agency with the role of providing non-financial support services to small enterprises.

South Africa's economy continued to expand at a robust pace in 2006, generating new jobs, broadening the consumer base and providing rapid growth in investment. For 2006, the fastest growing sectors were construction (13.2 percent), finance and business services (7.9 percent) and retail and wholesale trade (6.9 percent). Excluding agriculture and mining, the economy grew by 5.2 percent.

The situation in the provinces shows a steady growth in mining, agriculture, manufacturing and tourism. Kwazulu Natal has manufacturing at 20% which is second largest sector after Gauteng. Mining at 18% follows both agriculture and construction at 13% following finance and real estate at 15%. Trade and tourism are set to be improved to contribute more than the current 3%.

In Gauteng, the manufacturing sector at 26.9% is a major economic sector, followed by financial services and trade both of which account for about 60% of value added in Gauteng and 52% of value added in South Africa. The province has plans to improve the contribution of construction, transportation and accommodation, and tourism.

The Western Cape has agriculture contributing 21% of GDP, manufacturing and financial services at 18.1% and 25.4% respectively. Trade and tourism rank high on the sectors currently contributing to the economy and on the major projects planned for improving the economy of the province and of the country. Mpumalanga with 4.1% economic growth has the following sectors as major contributors: Manufacturing at 30.1%, mining at 21.4%, electricity and trade at 9.9% and 9.8% respectively. Tourism and agriculture are ranked as important for the province.

Northern Cape has the following sectors mining at 27.1%, financial at 10.5%, transportation at 10.6% respectively. Agriculture and trade at 8.6% and 8.8% respectively are also major economic contributors.

Northern Cape Province has mining at 27% transport at 10.6%, financial at 10.5% and trade at 8.8% contributions towards GDP. Northwest has the following economic sectors contributing to its GDP; mining 27.1%, trade 10.6%, financial and transportation 12.5% and 12.4% respectively. Eastern Cape Province has manufacturing at 17.3%, trade 13.9% and financial at 17.3%. The Free State has some bigger share of its economy based on mining at 22.6%, manufacturing at 14.5%, and agriculture at 11% and trade at 10.8%. In Limpopo, mining contributes 22% of province's GDP. Financial services



have had a steady growth at 15.8% and are followed by trade at 11.9%. Agriculture and tourism are contributing less than 5% and the province has put processes to increase the economic growth of the two sectors.

The national situation does not show much deviation from the five target sectors of the UYF BSC Voucher programme. However, looking at the provincial level contribution of economic growth, the mining sector is prominent in five provinces. The UYF BSC Voucher programme is therefore targeting the right sectors by focusing 60% of its vouchers in the five target sectors.

## **Relevance of the BCSVP to South Africa**

Governments in developing countries in pursuit of economic development are faced with the twin imperatives of addressing employment creation and poverty reduction. In these economies the small enterprises sector is a key player contributing to the national economy by absorbing a significant portion of the labour force. Given this critical role the competitiveness of small enterprises is an important milestone towards national priorities. South Africa is in a similar situation and small enterprise development can contribute towards redressing imbalances and high levels of unemployment which are partly a legacy of the old socio-economic dispensation and limited labour absorptive capacity of the large firms.

The South African entrepreneurial context is best summarized against global benchmark on total early stage entrepreneurial activity (TEA) as highlighted in the Global Entrepreneurship Monitor of 2006.<sup>4</sup> The TEA measure “estimates the percentage of people aged between 18 and 64 years actively involved in starting or managing a business which is less than 3,5 years old” (GEM 2006). For 2006, SA had an average TEA rate of 5.29% compared to 9.34% for the other 40 surveyed countries. South Africa’s level of entrepreneurial activity had not improved since 2001. The situation is even bleaker when the statistics are broken down by types of entrepreneurs; in other words opportunity entrepreneur (those that start a business to pursue and opportunity) and necessity entrepreneur (those that start a business because they have no option, cannot find a job etc). South Africa’s level of opportunity entrepreneurs is reported at 3.47% versus an average of 9.65% for all developing countries surveyed. *ibid*. There are encouragingly low necessity entrepreneurs at 1.51% compared to an average of 2.35% for the other countries. This may be explained by South Africa’s provision of social welfare grants which provide people with a safety net that discourages them from engaging in small enterprises.

The GEM report also shows that in South Africa the majority of small enterprises are getting financial support from private financial institutions (27.7%) and government sources (24.6%) which is a clear indication of efforts to support small enterprise development. Despite this, there is need to further entrench small enterprise development in SA in response to the low levels of entrepreneurship and the

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<sup>4</sup> While it looks at people aged between 18-64 years, what is interesting is that youth are included in this population<sup>4</sup>.

limited adoption of best practice in the sector by government funded programmes. In spite the plethora of failed small enterprise development programmes, there are shining examples that have emerged in with a combination of support from government and private sector funds as well as donor funding.

South African youth have rapidly rising educational levels with more time being spent in education. This has resulted in massive growth of the SA economically active population with resultant rise in unemployment levels. The unemployment levels are particularly high amongst youth with two thirds of youth reporting that they have never worked before. (State of the Youth Report:2003:44) The report cites that 'more than half of the young people in SA have never worked in their lifetime' *ibid*.

Given this scenario, youth in general have a tendency towards high financial and residential dependence on their parents and relatives. Only a third of black and coloured youth were found to be financially independent. This has a ripple effect on the household economy and imposes a burden on the capacity to cater for an expanded dependence load by the income earning household members.

In response to these and other challenges, government recognised the 'modest impact of small business support structures' with an amendment of the Small Business Act in 2004 which saw the formation of SEDA (a merger of Ntsika Enterprise Promotion Agency and the NAMAC Trust to 'provide non financial support and capacity development opportunities to small businesses in a co-ordinated manner' *ibid*.

While all these programmes are in place, the plight of the youth remains largely unaddressed through such catch all mechanisms. Hence targeted programmes such as the UYF BCSVP are necessary to unlock the vale of the youth. A 2003 youth survey showed that only 6% of the youth out of employment had ever been in self employment. This survey showed that only 9.1% youth of Indian origin, 6.5 of black youth and 4.7 of white youth as well as 4.1% of coloured youth had ever been self employed in spite of the high unemployment status of the country's youth. This matches with the SA GEM results where only 9% of the labour were self employed. This points to a low entrepreneurial culture and unlocking the latent value in youth needs targeted interventions. In this regard, the UYF BCSVP becomes a necessary programme to develop the 'social capital of youth through skills development and mentorship'.

### **3. UYF BUSINESS DEVELOPMENT SERVICES VOUCHER PROGRAMME**

The UYF pioneered the launch of the first Business Consultancy Service (BCS) Voucher Programme in 2003. The BCS Voucher Programme is a flagship national business development support service aimed at assisting young entrepreneurs to access quality business consultancy thereby enhancing their participation in the mainstream of the economy.

The overall BCS objective is to enable potential and existing entrepreneurs to acquire innovative business development through the use of the voucher for business creation, improvement and sustainability.

#### **Programme Planning and Design**

The idea of the BCS voucher was informed by the research commissioned by Umsobomvu and conducted by ITSD Consulting in 2002, which confirmed the need for the design of a market driven business development service in order to address the needs of potential and existing young entrepreneurs. UYF started its design by visiting operating programmes in Kenya and South America. The programme was given financial and technical support by the SME Global Capacity Building Facility to replicate the Kenyan programme.

The programme began in selected pilot provinces of Gauteng, Limpopo, Kwazulu Natal, Eastern Cape and the Western Cape, targeting youth aged between 18 and 35 years with a co-contribution ranging from 10 to 40% on a graduated scale for up to four vouchers. The target sectors were ICT, tourism, manufacturing, construction and agro-processing. The programme appointed five Allocating Agents to work with young entrepreneurs and enrolled 127 service providers, resulting in the issuance of 2,878 vouchers and the establishment of 931 new businesses by South African young entrepreneurs at the end of its pilot phase in March 2004.

The programme has since been rolled out to a national level providing services to young entrepreneurs. The section below provides a brief of the structures that are involved in implementation of the programme.

#### **Voucher Implementation Structures**

##### **Umsobomvu Youth Fund**

The Umsobomvu Youth Fund Business Development Services programme is housed in the Business Development Services Unit. The programme comprises the following staff:

- BDS Director
- Operations Manager – BCS Voucher
- Service Provider Network Manager, Officer and Administrator
- Monitoring and Evaluation Specialist
- Redemptions Manager, Officer and Administrator
- Technical Support Specialist

## IMPACT ASSESSMENT AND PROGRAMME EVALUATION OF BUSINESS DEVELOPMENT SERVICES VOUCHER PROGRAMME

The BCS Voucher Programme staff work closely with other units in UYF. The main units of interest to this study are the Information Technology (IT), Finance and Administration (FA) and the Project Cycle Management Units (PCM). The above mentioned departments provide the BCS Voucher Programme with support in the IT infrastructure and software support through the Great Plains financial system and the In Touch System (for voucher issuance) and the Trader interface system between In Touch and Great Plains. The Project Cycle Management (PCM) provides programmes process management, tools design, risk management, monitoring and evaluation and the overall quality of management systems. The Finance and Administration unit provides the payment to all the SPs and AAs.

### Allocating Agents

An Allocating Agent (AA) is an organisation appointed by the UYF to facilitate the implementation of the BCS in the selected locality or province. The role of the AA is to market the service to young people, recruit prospective clients, assess the client's business support needs, link clients to approved Service Providers and monitor service provision by the Service Providers.

There are currently 10 AA's contracted to the programme.

### Service Providers

A Service Provider (SP) is a private/ public sector organisation with specialist business consultancy skills that has been contracted by Umsobomvu to offer approved Business Development Services to clients selected for the BCS. Service Providers are approved by and contracted to Umsobomvu and they deal directly with young entrepreneurs. The activities of the Service Providers are monitored and managed by the Allocating Agent.

From the service directory as at March 2007, there are currently 267 service providers contracted to offer services under the programme distributed unevenly across all nine provinces.

**Table 2: Service Directory – March 2007**

Provinces	Frequency	Percent
Eastern Cape	33	12.4
Free State	25	9.4
Gauteng	72	27.0
Kwazulu Natal	36	13.5
Limpopo	20	7.5
Mpumalanga	26	9.7
North West	12	4.5
Northern Cape	10	3.7
Western Cape	33	12.4
<b>Total</b>	<b>267</b>	<b>100.0</b>

Source: UYF Service Directory

# IMPACT ASSESSMENT AND PROGRAMME EVALUATION OF BUSINESS DEVELOPMENT SERVICES VOUCHER PROGRAMME

## Products and Services

The table below highlights the services and products being offered under the UYF BCS Voucher programme. Currently, there are 42 services in the BCS product portfolio from 14 main groupings ranging from R750 to R18,000.

**Table 3: Services Offered in the Voucher Programme**

SERVICE	Voucher Value	SERVICE	Voucher Value
1. Tendering	<b>R4,500.00</b>	2. Accounting	<b>R5,000.00</b>
3. Web-based Marketing	<b>R6,500.00</b>	4. Bookkeeping	<b>R3,000.00</b>
5. Business & Financial Administration <ul style="list-style-type: none"> <li>Business Administration</li> <li>Preparation of Budgets</li> <li>Setting up a debtors system</li> <li>Setting up a creditors system</li> <li>Setting up a stock control system</li> <li>Costing (job and process)</li> <li>Cash flow management system</li> <li>Operations and procedures manual</li> <li>Payroll system</li> <li>Assistance with IT hardware and software systems</li> <li>Setting up HR policy and systems</li> </ul>	<b>R15,000.00</b> <b>R4,000.00</b> <b>R3,000.00</b> <b>R3,000.00</b> <b>R5,000.00</b> <b>R4,000.00</b> <b>R3,000.00</b> <b>R5,000.00</b> <b>R5,000.00</b> <b>R3,000.00</b> <b>R5,000.00</b>	6. Business Feasibility	<b>R5,000.00</b>
7. Due Diligence	<b>R 18,000.00</b>	8. Business Plan	<b>R 7,000.00</b>
9. Branding <ul style="list-style-type: none"> <li>Design of business forms and promotional materials</li> </ul>	<b>R 5,000.00</b>	10. Business process re-engineering <ul style="list-style-type: none"> <li>Business improvement plan</li> <li>Expansion plan</li> <li>Turnaround plan</li> <li>Growth plan</li> <li>Productivity improvement plan</li> </ul>	<b>R7,000.00</b> <b>R7,000.00</b> <b>R7,000.00</b> <b>R7,000.00</b>
11. Legal services <ul style="list-style-type: none"> <li>Lease agreements</li> <li>Sales agreements</li> <li>Purchase agreements</li> <li>Joint venture agreements</li> <li>Shareholders agreements</li> </ul>	<b>R4,000.00</b> <b>R4,000.00</b> <b>R4,000.00</b> <b>R4,000.00</b> <b>R4,000.00</b>	12. Memorandum of understanding	<b>R 2,000.00</b>
13. Marketing plan <ul style="list-style-type: none"> <li>Research plan</li> <li>Marketing plan</li> <li>Product and services</li> <li>Target market/market analysis</li> <li>Competitive analysis</li> <li>Market communications plan</li> <li>Sales plan</li> <li>Customer service plan</li> </ul>	<b>R1,500.00</b> <b>R10,000.00</b> <b>R1,500.00</b> <b>R2,500.00</b> <b>R2,500.00</b> <b>R3,000.00</b> <b>R3,000.00</b> <b>R2,000.00</b>	14. Business Registration <ul style="list-style-type: none"> <li>Registration of close corporations</li> <li>Registration of PTY Ltd</li> </ul>	<b>R 750.00</b> <b>R2,500.00</b>

Source: UYF Service Guide

## **4. DESCRIPTION OF EVALUATION**

### **Purpose of the Evaluation**

The Terms of Reference required a full programme review and assessment of the BCS Voucher Programme and to then make recommendations for the future implementation of the programme.

The evaluation was carried out at four different levels: the Client level; Service Provider level; Allocating Agents level, and Umsobomvu level. The evaluation process was undertaken in all the nine provinces.

### **Evaluation Methodology**

Our methodology followed a literature and document review to get an assessment of the South African BDS context, followed by fieldwork assessment of the UYF BCS Voucher programme implementation, and an assessment of the programme impact evaluation. In addition to this, the evaluation covered a review of the InTouch database and conducted interviews with all the stakeholders in the programme, these include: Allocating agents; Service providers; beneficiaries of the BCS Voucher services; and UYF staff working on the programme.

### **Sampling**

#### **Description of Sample**

The study sample covered the four levels of stakeholders of the UYF BCS Voucher Programme, namely the young entrepreneurs (clients), the service providers, the allocating agents and the Umsobomvu Youth Fund. The profiles of each of the levels are described below.

### **Umsobomvu Youth Fund**

The Umsobomvu Youth Fund Business Development Services programme is housed in the Business Development Services Unit. The BCSVP comprises 8 staff members who work closely with other units in UYF. The main units of interest to this study are the Information Technology (IT), Finance and Administration (FA) and the Project Cycle Management Units (PCM). The above departments provide the BCS Voucher Programme with support in the IT infrastructure and software support through the Great Plains financial system and the In Touch System (for voucher issuance) and the Trader interface system between In Touch and Great Plains. The Project Cycle Management (PCM) provides programmes process management, tools design, risk management, monitoring and evaluation and the overall quality of management systems. The Finance and Administration unit provides the payment to all the SPs and AAs.

The role of the BSCVP and UYF staff is for programme process management, the selection and orientation/training of AAs and SPs, preparation of the SP directory, promotion of the programme, and facilitation of the redemption of vouchers.

The UYF has developed tools and workflow process for the programme. AAs have been appointed for all 9 provinces and are on performance based contracts that clearly articulate the role of the AA in implementation of the programme. An application process and criteria has been established for the accreditation of SPs, which have contracts with UYF to provide specialist business development services to young entrepreneurs.

Based on consultations and key informant interviews, the majority of the UYF BCS Voucher programme staff is confident in the achievements of the programme in terms of creating a conducive environment for young entrepreneurs to access support for their business and to empower them with the issuance of vouchers and provision of business development services. This is verified by the 24,410 vouchers which have been issued as at May 2007 with a value of over R169, 000 000.

The key concerns and cited area of improvements from UYF staff are in the impact of the programme to reach the target sectors ensuring a meaningful impact on women and the disabled, and the programme management information system.

## Allocating Agents

The AAs are tasked with the following broad responsibilities:

- Promotion and Marketing of the BCSV programme;
- Administering and managing application and vetting processes;
- Issuing vouchers;
- Linking/referring an applicant to a service provider and monitoring service providers' interventions
- verification and endorsement of redemptions
- Follow up with the voucher beneficiary

There are 10 allocating agents in total covering all 9 provinces with a combined number of 14 outlets. 8 of the allocating agents (SEDA, COMSEC, The Business Place, Maximiz Pty Ltd, Pel Africa and Frances Baardt) are independent organisations while 2 (YAC) are retail outlets of UYF. The table below presents a list of all AAs by province.

**Table 4: Allocating Agents**

AA	Province
The Business Place Joburg The Business Place eKapa	Gauteng Western Cape
COSMEC – Port Elizabeth, East London and Mthatha	Eastern Cape
Maximiz Pty Ltd Marketing & Development Bloemfontein	Free State
SEDA NW – Klerksdorp, Rustenburg and Mafikeng SEDA eThekwini	North West Kwazulu Natal
Umsobomvu YAC – Polokwane	Limpopo

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Unsobomvu YAC – Tshwane	Gauteng
Pel Africa	Mpumalanga
Frances Baardt SMME Trust	Northern Cape

## Profile

The table below presents 4 key attributes of the participating AAs. All AAs' core business is in the SMME sector and they offer business development and support training and advisory services. Their participation in the BCSVP leveraged off and created synergies with existing programmes.

**Table 5: Participating AAs' Key Attributes**

AA	Org form	Years in Business	Target market	Core business
The Business Place – Joburg and eKapa	Section 21	> 3 years	BDS providers, entrepreneurs	entrepreneurial support services: information resources & referral centre
Frances Baardt SMME Trust	Trust	> 3 years	Business development, project management	BDS - Training, marketing, events management
Pel Africa	CC	> 3 years	Young entrepreneurs, women entrepreneurs, SMME support initiatives	BDS, business linkages
Maximiz	Pty Ltd	> 3 years	youth, young entrepreneurs	BDS, business training
COMSEC	Trust	> 3 years	BDS providers, entrepreneurs, SMME support initiatives	BDS, Training, Business Skills development, business linkages, consulting
Seda NW and eThekwini	DTI Agency	> 3 years	SMMEs, entrepreneurs, BDS providers	Business info dissemination
YAC – Polokwane and Tshwane	UYF	> 3 years	youth, young entrepreneurs	Provision of all core UYF products under one roof

## Service Providers

From a population of the Service Providers of 267 as at May 2007, we used the stratified sampling method as a technique of a proportionally representative sample (30% of the registered SPs in the service directory as at March 2007) of SPs for the evaluation. The provinces were weighed according to the volume of Service Providers. Proportional representation, as determined by the number of vouchers received per Service Provider, was then employed in order to ensure an equitable weight for each province. The resultant sample was 80 SPs across the nine provinces.



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The majority of the SPs were from the Gauteng (25%) province, followed by the Eastern Cape (18.8%) and Kwazulu Natal (15%).

**Table 6: Sample Breakdown**

<b>Provinces</b>	<b>Frequency (Percent)</b>
Eastern Cape	15 (18.8%)
Free State	12 (15%)
Gauteng	20 (25%)
Kwazulu Natal	12 (15%)
Limpopo	5 (6.3%)
Mpumalanga	3 (3.8%)
North West	3(3.8%)
Northern Cape	4(5.0%)
Western Cape	6(7.5%)
<b>Total</b>	<b>80(100.0%)</b>

Source: Sample Survey

In terms of the level of experience and operations of the SPs, the largest concentration was found in the category of established consultants, with 43 (53.7%) having over 5 years in operation. This was followed by 34 (42.5%) who have operated for 1-5 years, 1 (1.3%) was a start up SP. All the SPs are legally registered with the majority (60%) registered as closed corporations.

Out of the 80 SPs, the majority 32 (40.0%) indicated they had learnt about the UYF BCSVP through print media, followed by word of mouth with 26 out of the 80(32.5%). There are three main reasons that motivated service providers to apply for accreditation to offer BCSVP services. 47% stated that the programme presented them with the opportunity to contribute and participate in youth development; 34% for increasing revenue and 19% found the intervention relevant to their product and service offering.

### Young Entrepreneurs Interviews

From the UYF database, a population of 22 616 firms have applied for 36 433 vouchers from the programme. From the population of voucher applicants who applied from the programme we drew a sample of 380 YEs at 95% confidence interval of those who were issued with vouchers and those that were declined a voucher, taking the location and geography of the voucher applicant.

The table below shows the composition of each sample and the actual number of successful interviews in each of the nine provinces.

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**Table 7: Composition of Samples**

Province	Young Entrepreneur Firms			Service Providers		
	Population*	Sample	Actual interviewed	Population	Sample	Actual interviewed
Eastern Cape	3 596	96	79	33	10	15
Free State	1 533	20	13	25	8	12
Gauteng	4 465	100	112	72	22	20
KwaZulu Natal	4 500	55	88	36	11	12
Limpopo	1 605	36	44	20	6	5
Mpumalanga	3 070	16	18	26	8	3
Northern Cape	1 237	9	10	10	3	4
North West	1 144	10	13	12	4	3
Western Cape	1 466	38	40	33	10	6
<b>Total</b>	<b>22 616</b>	<b>380</b>	<b>417</b>	<b>267</b>	<b>80</b>	<b>80</b>

\* All people who applied for a voucher in the BCSVP and registered in InTouch between 2002- May 2007

## 5. EVALUATION FINDINGS

The findings cover analysis of data from the InTouch System, the BDS Voucher Programme information management system, interviews with UYF staff, Interviews with Allocating Agents and Service Provider staff and Young entrepreneurs who participated in the BDS Voucher Programme.

### Products and services

The BCS Voucher programme provides a range of 42 services accessible through 14 main groupings. These products are listed in the table below. All 80 sampled service providers were accredited to the BDS Voucher programme with the capacity to deliver at least one of the main groupings listed in the BCS product portfolio.

One of the key objectives of the BCS voucher programme is to create an environment conducive for youth entrepreneurs to access relevant technical and managerial support for their businesses. The programme experienced a high level of demand for its services as captured in the UYF InTouch database with a total of 36 433 vouchers being applied for through the programme by over 22 000 individual firms. The programme had as at May 2007, attracted 267 accredited service providers to provide products and services across all nine provinces.

From the InTouch database, there are 24410 vouchers that have been issued from the programme since inception.

**Table 8: Number of Vouchers Issued**

Service Name	Cost	Average Cost	Frequency	Percentage
1. Accounting	5,000	5,000	456	1.9
2. Bookkeeping	3,000	3,000	225	0.9
3. Business and Financial Administration				0.0
• Business administration	15,000	4,818	519	2.1
• setting up debtors system	3,000		2	0.0
• Setting up HR policy and systems	3,000		22	0.1
• Setting up stock control system	5,000		1	0.0
• Setting up a creditors system	3,000		1	0.0
• Preparation of budgets	4,000		242	1.0
• Costing (job or process)	4,000		12	0.0
• Cash flow management system	3,000		3	0.0
• Operations and procedures	5,000		1	0.0
• Payroll system	5,000		4	0.0
• IT hardware & software system	3,000		2	0.0
4. Business Feasibility	5,000	5,000	925	3.8
5. Business Plan	7,000	7,000	14176	58.1
6. Business process re-engineering	7,000	7,000	94	0.4
7. Business Registration				0.0
• Business registration (cc)	750	1,625	1811	7.4

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• Business registration (Pty Ltd)	2,500		50	0.2
8. Due diligence	18,000	18,000	393	1.6
9. Branding	5,000	5,000	2223	9.1
10. Legal services	4,000	4,000	86	0.4
11. Marketing Plan				0.0
• Research plan	1,500		115	0.5
• Marketing plan	10,000		1406	5.8
• Products and services	1,500	3,428	43	0.2
• Target Market/market Analysis	2,500		15	0.1
• Competitive analysis	2,500		6	0.0
• Market communications plan	3,000		4	0.0
• Sales Plan	3,000		6	0.0
12. Tendering	4,500	4,500	461	1.9
13. Web based marketing	6,500	6,500	1027	4.2
14. Other*				0.0
• Financial Management	21,000		15	0.1
• Franchise market brokerage	10,500		3	0.0
• Franchising	10,500	11,000	1	0.0
• Tax Compliance	3,500		11	0.0
• Tax Planning	13,500		3	0.0
• Tourism Accommodation Establishment	14,000		1	0.0
• Contracting	4,000		38	0.2
• Not specified	*		8	0.0
<b>Total</b>			<b>24410</b>	<b>100</b>

\* Values ranged from R1,500-23,000 with no values for 2 vouchers – total cost excluded in average cost

The most frequently accessed vouchers are business plans (58.1%), branding (9.1%), followed by business registration (7.4%) and web-based marketing (4.2%). The total value of vouchers issued to date, as illustrated in the table 9 below is R169,950,500.00 with the largest share being for business plans (62.1%), followed by marketing plans (9.0%) and branding (7.0%), The majority of the vouchers issued range in the value of R5000 to R7000 reflecting the high percentage of vouchers issued for business plans (R7000), branding (R5000) and web-based marketing (R6500). Business plans tend to dominate which is consistent with the profile of the target YEs who in the majority of cases are making their first attempt in business and want to enhance their chances for success as business start-ups.

**Table 9: Value of Accessed Service Offerings and Products**

Service/Product Offering	Unit Cost (R)	Total Vouchers	Total Value	Percentage
Tendering	4500	461	2,074,500.00	1.2
Accounting	3000 and 5000	456	2,136,000.00	1.3
Web-based Marketing	6500 and 14000	1027	6,683,000.00	3.9
Bookkeeping	3000	225	675,000.00	0.4
Business & Financial Administration	3000 - 15000	809	8,921,000.00	5.2
Business Feasibility	5000	925	4,625,000.00	2.7
Due Diligence	18000 and 21000	393	7,137,000.00	4.2

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Business Plan	7000	14176	105,457,000.00	62.1
Branding	5000 and 14000	2223	11,934,000.00	7.0
Business Process Re-engineering	7000	94	658,000.00	0.4
Legal Services	4000	77	308,000.00	0.2
Memorandum of Understanding	2000	9	18,000.00	0.0
Marketing Plan	1500-10000	1595	15,315,500.00	9.0
Business Registration*	1500-2500	1861	2,841,500.00	1.7
Other**	1500-23000	79	1,167,000.00	0.7
<b>Grand Total</b>		<b>24410</b>	<b>169,950,500.00</b>	<b>100.0</b>

Source: UYF Intouch Database

\*CC registration recorded as R1500.00

\*\*No cost value was available for 2 vouchers

The highest number of vouchers have been issued in Gauteng - 6762 (27.7%) with the Eastern Cape receiving 4623 (18.9%) and KZN 3621(14.8%). This may be attributed to the fact that all three provinces were part of the pilot programme, and in addition, Gauteng has 2 allocating agents managing the programme, with COMSEC in the Eastern Cape, having 3 offices to increase accessibility to the programme. Mpumalanga which was not part of the initial pilot has absorbed 1718 (7%) vouchers which are comparatively close to other provinces like Limpopo (8.3%) and the Western Cape (9.8%) with the latter two comparatively having been in the programme for a longer period. Until August 2006, Mpumalanga had 2 allocating agents which may be attributed to greater access and outreach of the programme to YEs.

Of the approved 24,410 vouchers, as at May 2007, the majority (28.7%) were at the stage where the SP has been authorised to undertake the service, while 27.9% have been submitted to UYF Finance for payment, and 20.3% had clients who had paid their R200 contribution awaiting voucher issuance. Analysis of efficiency and compliance in the turnaround time for service delivery was not possible as the current UYF database on the 20,000 recorded dates has limitations with some of the activation dates reflected as events prior to the beginning of the programme. Judging by responses from the sample survey of AA's, SP's and clients, there are indications that there are delays. Some of these delays could be attributed to insufficient interaction and delivery of the service offering between the YE and the SP's, and the processes in place for redemption for the programme.

**Table 10: Status Description of YEs Approved for Vouchers as at May 2007**

Province	Approved - Client has Met Voucher Criteria	Issued - Client has Paid R200 Contribution	Activated - SP Authorized to Start Service	Completed - SP has Completed Service Intervention	1st Submit - Voucher Submitted to UYF for Redemption	2nd Submit - Voucher Submitted to Finance for Payment	Total	Percentage
EC	573	920	3	164	152	2811	4623	18.9
FS	0	87	1105	53	24	120	1389	5.7
GP	1000	1739	758	961	69	2235	6762	27.7

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KZN	417	759	1550	330	0	565	3621	14.8
LIM	743	803	0	206	0	274	2026	8.3
MPU	0	88	1497	19	1	113	1718	7.0
NC	0	98	574	10	1	173	856	3.5
NW	0	62	836	18	0	109	1025	4.2
WC	613	404	689	270	5	409	2390	9.8
<b>Total</b>	<b>3346</b>	<b>4960</b>	<b>7012</b>	<b>2031</b>	<b>252</b>	<b>6809</b>	<b>24410</b>	<b>100.0</b>
<b>Percentage</b>	<b>13.7</b>	<b>20.3</b>	<b>28.7</b>	<b>8.3</b>	<b>1.0</b>	<b>27.9</b>	<b>100.0</b>	

Source: UYF Intouch Database

Taking into consideration that all YE firms after the issued stage have paid their R200 fee for services, this would mean their contribution to the programme amounts to approximately R4,212,800. It is important to note however that during the pilot programme, YEs contributed 10% of the value of the voucher and this contribution gradually increased for each subsequent voucher up to the forth voucher for which a deposit of 40% of the voucher value was required. The above amount of R4 212 800 is therefore an undervalued amount of the actual YE cost contribution to the programme.

There has been a major expansion in the issuance of vouchers, with over 16,000 vouchers issued within the first three years of the programme and close to 24 000 as at May 2007. This has raised a perception that there has been more focus on expanding the number of vouchers with less of a sectoral and targeted impact focus which may be more relevant to the provincial levels. This perception was not supported by the sample YEs in the study with close to 60% of the vouchers being in the target sectors. It maybe attributed to the reduced cost to access a voucher with a flat fee of R200 for the YE cost contribution.

### **Appropriateness of product and service offerings**

There is a general recognition for the need to undertake a comprehensive review of the product and service offerings to be more relevant to the needs of the target market as so few of the 42 services are demanded by the young entrepreneurs.

The UYF staff noted that the most accessed service offering is the development of a business plan covering 90% of the vouchers recently issued. Verification with the InTouch database confirms the dominance (58%) of vouchers for business plans. The UYF has also just recently reinstated business registration as a service offering, which accounts for 7.2% of vouchers.

In terms of value of vouchers, 62% of YE firms reported that they had made use of vouchers ranging in value between R5000 and R7000 followed by those in the range of R3000 to R5000. When all the vouchers are looked at cumulatively (voucher 1 to 4), the trend shows that the largest volume of vouchers consumed by YE firms is in the R5000-7000 range (58%), followed by the R3000 to 5000 range.

**IMPACT ASSESSMENT AND PROGRAMME EVALUATION OF BUSINESS DEVELOPMENT SERVICES VOUCHER PROGRAMME**
**Table 11: Value of vouchers and services procured**

	Voucher 1	Voucher 2	Voucher 3	Voucher 4
Number of vouchers	362	126	61	15
Average value	R7,191	R7,876	R6,475	R7,533
Top 5 services	Business Plan (59.0%)	Marketing plan (25.5%)	Marketing plan (15.0%)	Business administration (20.0%)
	Marketing Plan (9.0%)	Web based marketing (16.0%)	Web based marketing (23.0%)	Lease Agreement (13.0%)
	Business feasibility (5.0%)	Book keeping (1.9%)	Business administration (10.0%)	Marketing Communication Plan (13.0%)
	Web-based marketing (5.0%)	Business plan (14.0%)	Products and services (13.0%)	Bookkeeping (13.0%)
	Business improvement plan (5.0%)	Products and services (7.0%)	Branding (11.0%)	Branding (13.0%)

When compared to the InTouch database of vouchers issued, our sample reflects the high percentage of vouchers issued for business plans, web-based marketing, and marketing plans.

An analysis of use of vouchers by YEs indicates that the average value of the voucher rises from an average of R7,191 to R7,533. This is understandable as the value of services required for the third and fourth voucher become more complex and resultantly more expensive. There are also services that are more in demand than others. The core services repeatedly consumed are business planning, marketing plan, products and services, web based marketing and business administration. This is consistent with the issuance of vouchers from the population as recorded in the UYF database where business plans, web-based marketing and business administration are the most consumed vouchers.

## Geographical distribution of vouchers

The overall stakeholder participation in the programme is depicted as in the following table.

**Table 12: Distribution of Stakeholders per Province**

	EC	FS	GP	KZN	LIM	MPU	NW	NC	WC	Total
YEs	4,623	1,389	6,762	3,621	2,026	1,718	856	1,025	2,390	24410
%	18.9%	5.7%	27.7%	14.8%	8.3%	7.0%	3.5%	4.2%	9.8%	100%
AAs	1	1	3	1	1	2	3	1	1	13
SPs	33	25	72	36	20	24	14	10	33	267
SP:YE	140	56	94	101	101	72	61	103	72	90

Source: InTouch

A total of vouchers 24,410 have been issued to the programme to date. The highest concentration of vouchers is in GP (28%), EC (19%), KZN (15%) and Western Cape with 10%, which were part of the pilot programme. Mpumalanga is an interesting case in the sense that it was not in the pilot but it has already managed to have issued 7% of the vouchers as compared with 8% from Limpopo, which participated in the programme from the pilot phase.

A total of 267 service providers are enrolled in the programme and this gives an average case load of 90 YE firms per SP. The case load is highest in EC (1:140), NC (1:103) and KZN and Limpopo with (1:101).

Close to 90% of the voucher applications were from the urban areas, with 26.1% coming from Gauteng province, followed by Kwazulu Natal a (19.1%) and the Eastern Cape (14.2%)

**Table 13: Location of Voucher Applicants**

N=vouchers applied 36433		
Location	Frequency	Percentage
Urban	31 637	86.8
Rural	4 700	12.9
Unclassified	96	0.3
<b>Grand Total</b>	<b>36433</b>	<b>100</b>

Source: UYF Intouch Database



# IMPACT ASSESSMENT AND PROGRAMME EVALUATION OF BUSINESS DEVELOPMENT SERVICES VOUCHER PROGRAMME

The majority of applicants are from the Gauteng and KZN provinces.

**Table 14: Provincial Spread of Voucher Applications**

Province	Voucher Applications	Percentage
Eastern Cape	5 186	14.2
Free State	1 960	5.4
Gauteng	9 498	26.1
Kwazulu Natal	6 946	19.1
Limpopo	4 209	11.6
Mpumalanga	3 135	8.6
North west	1 448	4
Northern Cape	1 119	3.1
Western Cape	2 932	8
<b>Total</b>	<b>36 433</b>	<b>100</b>

Source: UYF Intouch Database

## Characteristics of YE

### Demography of YEs

The study sample population comprised of 65.2% (272) males and 34.8% (145) females. Despite the dominance of males in the sample the actual overall outreach of the programme is 54% for males and 45%. Of this population 85.6% were Black, 9.1% Coloured, 2.9% White and 2.3% Indian. While the programme is relatively open to all gender groups efforts can be made to enhance participation by young female entrepreneurs. This could be attained through targeted marketing of the BDS Voucher programme to young female entrepreneurs.

In terms of age groupings, the highest age range was that of 26 to 30 years which represents 37.4% followed by the 31-35 years age range at 31.4%. In terms of educational attainments, the largest concentration of YEs was within the post matric certificate level (29.7%) followed by grade 10-12 (28.1%) and the diploma level (27,8%).

## IMPACT ASSESSMENT AND PROGRAMME EVALUATION OF BUSINESS DEVELOPMENT SERVICES VOUCHER PROGRAMME

Table 15: Young Entrepreneurs Demographics

	EC	FS	GP	KZN	LMP	MPU	NW	NC	WC	All Provinces
	(N=79)	(N=13)	(N=112)	(N=88)	(N=44)	(N=18)	(N=13)	(N=10)	(N=40)	(N=417)
<b>Gender</b>										
Male	49 (62.0%)	9(69.2%)	80(71.4%)	63(71.6%)	25(58.8%)	8(44.4%)	7(53.8%)	9(90.0%)	23(57.5%)	272(65.2%)
Female	30(38.0%)	4(30.8%)	32(28.6%)	25(28.4%)	19(43.2%)	10(55.6%)	6(46.2%)	1(10.0%)	17(42.5%)	145(34.8%)
<b>Race</b>										
Black	61(77.2%)	10(76.9%)	110(98.2%)	82(93.2%)	43(97.7%)	18(100%)	13(100%)	9(90.9%)	12(30.0%)	357(85.6%)
Indian	1(1.3%)	1(7.7%)	1(0.9%)	3(3.4%)	1(2.3%)	0	0	0	2(5.0%)	10(2.3%)
Coloured	10(12.7%)	2(15.4%)	1(0.9%)	1(1.1%)	0	0	0	1(10.0%)	23(57.5%)	38(9.1%)
White	7(8.9%)	0	0	2(2.3%)	0	0	0	0	3(7.5%)	12(2.9%)
<b>Age</b>										
15-20	2(2.5%)	0	1(0.9%)	1(1.1%)	0	0	0	0	0	4(1.0%)
21-25	10(12.7%)	2(15.4%)	22(19.6%)	15(17.0%)	7(15.9%)	2(11.1%)	1(7.7%)	2(20.0%)	5(12.5%)	67(16.1%)
26-30	24(30.4%)	5(38.5%)	46(41.1%)	39(44.3%)	14(31.8%)	10(55.5%)	6(46.1%)	4(40.0%)	9(22.5%)	156(37.4%)
31-35	21(26.6%)	6(46.2%)	35(31.3%)	25(28.4%)	16(36.4%)	4(22.3%)	2(15.4%)	3(30.0%)	19(47.5%)	131(31.4%)
36 and Above	22(27.8%)	0	8(7.1%)	8(9.1%)	7(15.9%)	2(11.1%)	4(30.8)	1(10.0%)	7(17.5%)	59(14.1%)
<b>Highest Qualification</b>										
No Education	1(1.3%)	0	0	0	0	0	0	0	0	1(0.2%)
Gr. 1-6	1(1.3%)	0	0	0	0	0	0	0	0	1(0.2%)
Gr. 7-9	1(1.3%)	0	1(0.9%)	1(1.1%)	2(4.5%)	1(5.5%)	0	0	1(2.5%)	7(1.8%)
Gr. 10-12	15(19.0%)	4(30.8%)	26(23.2%)	30(34.1%)	14(31.8%)	11(61.1%)	3(23.1%)	3(30.0%)	11(27.5%)	117(28.1%)
Certificate	28(35.4%)	2(15.4%)	36(32.1%)	37(42.0%)	6(13.6%)	0	2(15.4%)	5(50.0%)	7(17.5%)	124(29.7%)
Degree	6(7.6%)	3(23.1%)	14(12.5%)	5(5.7%)	5(11.4%)	2(11.1%)	1(7.7%)	0	9(22.5%)	45(10.8%)
Diploma	23(29.1%)	4(30.8%)	35(31.3%)	15(17.0%)	17(38.6%)	4(22.3%)	5(38.4)	2(20.0%)	11(27.5%)	116(27.8%)
Other	4(5.1%)	0	0	0	0	0	2(15.4%)	0	1(2.5%)	6(1.4%)

Source: Sample Survey

It is evident that a large percentage of the applicants cover a huge portion of the previously disadvantaged individuals, affirming that the UYF is successfully reaching the intended target group.

The sample was dominated by YEs in the, 26-30 (37.4%) and 31-35(31.4%) age groups. Lower representation was observed in the 21-25,( 16.1%) and 15-20 (1.0%) age groups. There were other entrepreneurs aged 36 and above,(14.1%) who could have accessed the programme during the past two years.

The spread of the actual voucher applications to the programme shows that the majority (54%) were male and 45% were female, with less than 1% recorded as unclassified. The UYF database also shows that 77% of the voucher applicants were employed youth with an equitable spread by gender with 39% employed males and 38% employed females. Of the 8287 (23%) unemployed voucher applicants to the programme, 5421 (65.5%) were male and 34.5% were female.

**Table 16: Gender of Voucher Applicants**

<b>N=vouchers applied 36433</b>			
<b>Gender</b>	<b>Race</b>	<b>Total</b>	<b>Percentage</b>
Female	Black	14 452	39.7
	Coloured	824	2.3
	Indian	145	0.4
	Other	20	0.1
	White	1 137	3.1
	<b>Female Total</b>	<b>16 578</b>	<b>45.5</b>
Male	Black	17 259	47.4
	Coloured	1 295	3.6
	Indian	343	0.9
	Other	21	0.1
	White	841	2.3
	<b>Male Total</b>	<b>19 759</b>	<b>54.2</b>
Unclassified		96	0.3
<b>Grand Total</b>		<b>36433</b>	<b>100</b>

Source: UYF Intouch Database

### Legal Status

In terms of firm legality, 87% of the firms were registered as closed corporations with 3% registered as proprietary firms.

### YE Sector Profile

The highest concentration of YE firms was in the “other” sector (47%) which is enterprises that comprises a combination of sectors straddling more than one of the five core target sectors of UYF, closely followed by the manufacturing and construction sectors at 16% and 15% respectively.

Table 17: Sample Sector breakdown (N=417)

Sector	Frequency	Percentage
Tourism	34	8
ICT	43	10
Manufacturing	69	16
Construction	61	15
Agro-processing	16	4
Other	194	47
Total	417	100

Source: Sample Survey

### Age of YE Firms

About 70% of the firms had one or more years in operation while 14% had only been in operation for less than one year. The picture that emerges is that there are more firms that are aged over one year which indicates a high survival rate from the last survey. Of the total sample size, 68% (285) of the enterprises were at least three years old. In total 75% of the YEs were less than four years old. This may point to the fact that all enterprises were created through the UYF BCSVP. Of the 417 YEs, 83% were operational while 17% were not yet operational or were only starting their operations.

**Table 18: Age of firms**

Years of firm	Frequency	Percentage
Less than 1 year	57	14
1 year	106	26
2 years	80	20
3 years	42	10
Over 3 years	62	15
Not sure/null	70	15
<b>Total</b>	<b>417</b>	<b>100</b>

Source: Sample Survey

### YE Employment Profile

The majority of firms (74%) employ at least one person on a full time basis with the largest concentration of 58% firms employing between 1 and 5 employees. Another 108 (25%) firms did not employ anybody as they are either mostly not yet operational or one person operations. In terms of part time employees, the number of firms reporting between 1 and 5 employees was the highest at 54% with 46 % reporting no part-time employees.

**Table 19: Employment of full time employees**

Number of full time employees	Frequency of firms	Percentage
0	108	25
1 to 5	243	59
6 to 10	39	9
11 to 15	15	4
16 to 20	9	2
Over 20	3	1
Totals	417	100

In terms of part time job creation efficiency, the construction sector firms ranked highest with an average of 6.1 jobs per firm followed by agro-processing with a factor of 3.7 jobs per firm. When this is analysed by full time jobs across sectors, agro-processing ranks highest with a 5.6 job ratio per firm, followed by construction, combined sectors and manufacturing with a job ratio of 3.5 apiece.

**Table 20: Firm Job creation efficiency by sector**

Sector	Part time jobs	No. Firms reporting	Average jobs per firm	Full time jobs	No. of firms reporting	Average jobs per firm
Tourism	42	23	1.8	59	23	2.5
ICT	44	43	1.0	95	43	2.2
Manufacturing	110	68	1.6	244	68	3.5
Construction	369	60	6.1	208	60	3.5
Agro-processing	37	16	2.3	89	16	5.6
Combined sectors	15	4	3.7	14	4	3.5
Other	343	203	1.7	657	203	3.2
Total average Part-time for all sectors			3.0	Total average Full-time for all sectors		3.0

Source: Sample Survey

The construction sector has the highest job creation efficiency for part-time jobs due to the nature of the sector, but still ranks second to the agro-processing sector when compared to full-time jobs. It is interesting to note that only 4% of the YE firms that have the greatest job creation efficiency form part of the sample. When compared to the number of firms that have accessed the programme, the UYF database records that 3.7% of the firms were in the agricultural sector.

In terms of the number of jobs created versus the number of vouchers received, there is clear pattern which suggests that the more vouchers issued the higher the job ratio becomes. While this cannot be conclusive, this is a proxy indicator that those with more vouchers are using business services leading to better firm performance and resultant job creation efficiencies.

**Table 21: YE Sample - Relationship between voucher receipt and number of jobs per firm**

Number of vouchers	Firms reporting	Jobs reported	Average jobs per firm
0	55	134	2.4
1	236	780	3.3
2	64	215	3.4
3	48	176	3.7
4	14	61	4.3

Firms that have been in existence for a longer time create more jobs than those in their infancy. The survey data shows that there is steady increase from a job ratio of 2.2 jobs per firm for firms with less than 6 months old growing steadily to 3.8 per firm for firms older than 12 months.

**Table 22: Relationship between age of firm and job creation**

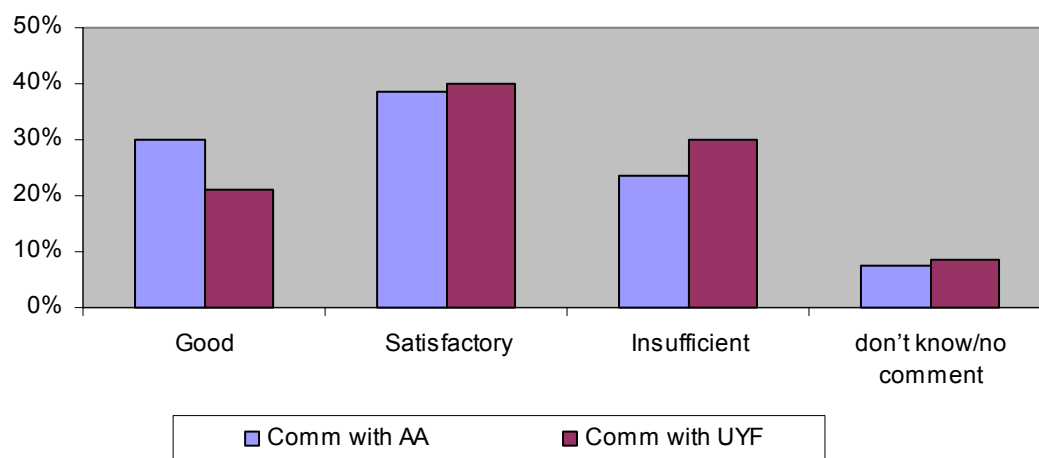
Age of firm	Number of firms	No of reported Part-time jobs	Average part-time jobs per firm	No of full-time reported jobs	Average full-time jobs per firm
< 6 months	80	70	0.9	181	2.2
7 to 12 months	63	179	2.8	196	3.1
> 12 months	248	654	2.6	933	3.8

## Programme Implementation

This section of the report provides an assessment of the relationships between the various stakeholders in the implementation of the programme.

### Stakeholder relations

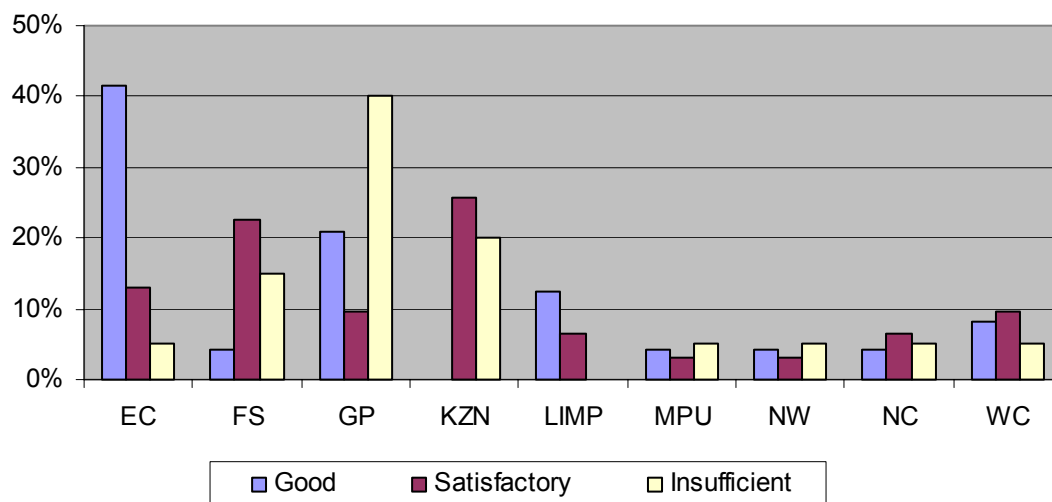
Consistent with a business development intervention of this nature, relations characterised by good, accurate, specific, transparent, timely and effective communication between stakeholders, implementers and beneficiaries, is one of keys to successful programme implementation. Most SPs described communication between themselves and AAs and UYF as good and satisfactory.

**Figure 2: SP Communication with AA and UYF**

When compared against provinces, 55% of 55 SPs who rated communication with AAs as 'good' and 'satisfactory' were from Eastern Cape, followed by Gauteng at 44% and Limpopo at 26%. It was also interesting to note that in Gauteng, SPs who were served by both the AA and the YAC reported highest satisfaction with the Tshwane YAC, reflecting the positive attributes of the YAC model in implementation of the programme.

The trends in satisfaction with communication between SPs and AAs were mixed as illustrated in Figure 3. Most SPs (55 out of 80) described communication between themselves and AAs as good and satisfactory in terms of implementation of the programme. Of interest are the indications of insufficient communication where some of the complaints from 25 of the 80 service providers related to:

- Failure by AA to communicate to SPs on time regarding changes in processes and staff.
- Lack of timely feedback by AAs on queries relating to final products

**Figure 3: SP Communication with Allocating Agents**

On their part AAs had concerns regarding to service providers on issues related to:

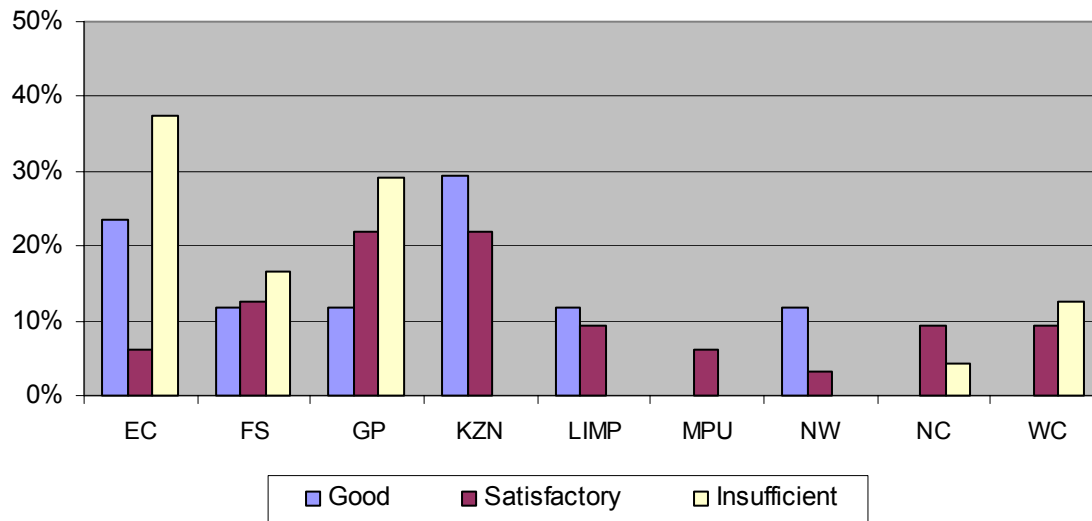
- Duration of intervention: 6 stated that on average, it takes 12 weeks while 2 reported that it takes 3 weeks.
- Quality of interventions: While all AAs were generally satisfied with the compliance of final products produced by service providers with minimum standards and deliverables; they pointed out that a few service providers produce poor quality final products.
- Submission of monthly reports: a very low percentage of service providers submit monthly

Most SPs, (49 out of 75 who responded) as shown Figure 4, indicated their communication with UYF as healthy. 21% (17) of respondents stated that it is 'good', 40% (32) 'satisfactory' and 30% (25) 'insufficient'. KZN has the most satisfied SPs, followed by Gauteng and Eastern Cape. The latter two provinces also had the highest SPs who described communication with UYF as 'insufficient'. Service providers referred to instances in their relationship with UYF where they experienced insufficient communication, such as:

- When changes were effected on processes and staff
- SP contact details not included and updated in the service directory in a timely manner
- Limited orientation and service provider meetings



**Figure 4: SP Communication with UYF**



There were concerns regarding the accreditation process and the turnaround time for the processing of payments. The UYF currently reports that the SP accreditation process has improved from 6 months to a maximum of 2 to 3 months. This includes verification of all applicants, which range from start-ups, 1-5 year old companies and well established consulting firms. Processing of payments was deemed by SP to be taking too long, despite the expected 30 days. These processes related issues have potential for impacting negatively on the relations of stakeholders.

#### Programme marketing and promotion

To attain effective and sustained outreach and service provision marketing of available service plays a central role. The channel used in marketing could also influence the profile of clients utilising the services. In order to meet their targets, AAs are expected to implement marketing activities to promote the BCSVP. This expectation is specified in the AA contract with indications on preference to use print and electronic media. There are three specific market channels being used in various combinations by AAs; radio/TV, print media and word of mouth. These channels are illustrated in Table 12. Additional channels include networking and partnerships with local municipalities, exhibitions and presentations. Five (5) AAs reported their marketing channels as effective and adequate with word of mouth perceived by as having the greatest outreach.

Only one AA stated that they do not market the programme (Business Place – Johannesburg), but are still able to exceed their performance targets. This is because the AA relies on UYF marketing initiatives in the province which effectively market the programme as part of the overall UYF offerings.

**Table 23: Allocating Agent Marketing Channels**

Allocating Agent	Marketing Channel			
	Radio/TV	Print Media	Word of Mouth	Other
The Business Place Joburg				
The Business Place eKapa	√	√	√	
SEDA eThekweni		√	√	√
SEDA North West	√		√	
Maximiz Pty Ltd	√	√	√	√
COMSEC (3 outlets)	√	√	√	√
PEL Africa	√	√	√	√
Tshwane YAC				√
Limpopo YAC	√	√	√	√
Frances Baardts SMME Trust			√	√

Source: Sample Survey

Though the marketing activities were generally viewed as adequate and effective, there were indications of potential for improvement particularly on outreach to remote and rural areas, increasing UYF brand identity and visibility, increasing marketing efforts and budgets and to form more partnerships with the private sector.

## Programme Processes

### Accreditation

To be selected as a SP the UYF has a clear accreditation process and the qualification criteria. The steps to be followed start from completion and submission of forms and all supporting documents/proposal; attending an interview by written invitation, receiving notification of outcome of interview (approval/decline), signing of contract, inclusion in AA and UYF database and attending an orientation/ training session. The majority of SPs found the accreditation process easy and satisfactory, with 28.8% reporting that it was easy and 51.3% reporting that the process was satisfactory in terms of application and qualifying criteria.

Interviewed SPs did not remember all stages in the application process; however they described the process as consisting of the seven general steps outlined below. It should be noted however that very few SPs went through all the steps (specifically step ii) and there is a need for UYF to better articulate and communicate the application process and qualifying criteria to SPs as indicated in the approved policy document.

**Table 24: Steps in the Accreditation Process**

<b>Process steps</b>	
i.	completed & submitted forms & all supporting documents/proposal
ii.	received a written invitation to attend interview
iii.	attended interview
iv.	received notification of outcome of interview (approval/decline)
v.	signed contract
vi.	added to AA & UYF database
vii.	Attended orientation/ training

Source: Sample Survey

The SPs interviewed reported 12 different criteria with the majority only mentioning 3 to 4 criteria for accreditation. It is clear that better communication on the processes and procedures should be made with SPs to fully understand the operations of the programme.

About 78% of SPs had attended some orientation or training on the operations of the programme. 68% of these found the orientation to be good or acceptable and perceived it as crucial step in effectively implementing and supporting the objectives of the BCS Voucher Programme.

Some SPs indicated that the orientation needed more structure and detail with focus on processes and compliance. One of the SPs reported “expected to submit monthly reports without clear guidelines”. The reporting format developed by the PCM of the UYF should be better articulated as part of the selection and orientation process of the SPs.

**Table 25: Accreditation Criteria**

<b>Criteria</b>	
i.	relevant experience
ii.	qualifications
iii.	samples of completed assignments/projects
iv.	capacity (staff & basic office equipment)
v.	company profile
vi.	company registration
vii.	financial statements
viii.	BEE profile/credentials
ix.	VAT registration
x.	Tax clearance certificate
xi.	accreditation or registration with a professional body
xii.	have youth employees

Source: Sample Survey

The accreditation process of SP's is expected to take 3 to 4 months through the UYF. However there were concerns with the actual duration of accreditation as experienced by SPs. As illustrated in Table 21 the majority (88%) of the SPs had taken more than 3 months to complete the accreditation process. There were cases where the processes extended to 12 months with some SPs having to resubmit applications or supporting documents to replace lost or misplaced submissions. From the SPs view this was an indication of internal problems such as poor record keeping, shortages in capacity, lack of effective systems, weak internal procedures, performance measures, policies and poor communication and follow up of the programme.

**Table 26: Duration of the Accreditation Process**

Time	Frequency	Percent
Less than 1 month	4	5.0
More than 1 - 3 Months	6	7.5
More than 3 - 6 Months	13	16.3
More than 6-12 Months	27	33.8
More than 12 Months	20	25.0
No response	10	12.5
<b>Total</b>	<b>80</b>	<b>100.00</b>

Source: Sample Survey

## YE Application and Vetting

AAs are responsible for issuing application forms to potential YEs beneficiaries and assisting with completion where necessary. AAs also vet the applicant on the basis of information contained in the application form; conduct an assessment interview with the client and inform applicants on the outcome of their application.

Though the application and vetting processes are outlined in the contract of AAs there is a provision for each to customise and fit the processes into existing practice where appropriate. Two AAs (COMSEC and The Business Place), who have clearly defined procedures, have adapted BCSVP process to suit their own context. In doing so they responded to their provincial context and have enabled them to attain high performance levels. An outline of the processes adapted by the two AAs is outlined in the table below.

**Table 27: Examples of YEs application and vetting processes**

Process Steps	COMSEC	The Business Place Joburg
1.	Presentations and information dissemination Application forms issuance	Client walks in & navigator (business development officer) provides general information on business place. This is followed by one on one needs

		assessment consultation with the navigator.
2.	BDO receives and checks completed forms. An SMS is sent to client for date of assessment and interview,	Depending on the client needs and the outcome of the assessment, relevant resource/product is recommended. <b>Note:</b> this can be any product or service that business place has under its roof including UYF voucher; where the referrals are made to the BCSV, application forms are issued to the client to complete
3.	Client preparation & initial assessment: client is debriefed to ensure that s/he understands the assessment process; structured assessment guide is used to determine clients readiness for his/her business, Where client display lack of business acumen an entrepreneurial assessment is completed to gauge competencies and referral is made (where necessary)	Completed application forms are received and checked; and an interview date is given immediately
4.	Final interview	Assessment interview: conducted by the navigator (there is a standard set of guidelines used)
5.	Client is notified of the outcome of their application by telephone or letter	Navigator compiles the summary of interview and recommendations and forwards to AA manager. AA manager approves or reject application & Applicant is informed of the outcome of the application immediately
6.	A letter of acceptance is issued and a client is given a directory of service providers	A letter of acceptance is issued as well as a service provider directory

YEs found the application process generally easy (64%) and satisfactory (26%). This is understandable given that the large majority (58%) had their applications turned around within one week while another 13% had a turnaround time of two weeks. There were however, outlying cases of applications which took more 3 months to turn around as reported by 13% of the respondents. On average, the turnaround time has been exceptionally good with 70% getting turnaround service within one week.

**Table 28: YE Sample - Efficiency of the voucher acquisition process**

Duration	Application to response	Co-payment	Payment to voucher issue	Voucher issue to service
1 week	68%	79%	73%	60%
2 weeks	16%	3%	11%	3%
1 month	2%	11%	7%	20%
2 months	0%	6%	8%	10%
3 months	1%	0%	0%	5%
> 3 months	13%	0%	0%	2%

Source: Sample Survey

## Selection of Services Providers by YEs

After approval of the YE application they are issued with an acceptance letter and they identify service providers and pay own contribution. The service provider is identified from a directory of service providers given to an applicant by the AA. On average it takes an applicant 3 days to raise their own-cost contribution.

YE firms' choices of service providers were mainly informed by recommendations from AAs (28.5%), consulting the service directory (27%), followed by recommendations from other clients (16.5%) This is encouraging in terms of the YEs exercising their market choice although the AA referral may need to be toned down as there could be undue influence on the YE choices.

YEs were most interested in the service providers' service offering (33.3%), reputation (28.8%) as well as convenient location (27.3%). The satisfaction levels of YE firms was also established against the different vouchers. The clients were most satisfied with the first and fourth voucher experience.

On the selection of service providers, 84.2% indicated that they had made a co-contribution towards accessing their vouchers. Of the 344 who responded to the question on ease of co-payment, 72% found it easy while 24% found it difficult. It is only 4% that found it almost impossible to meet the R200 co-payment contribution.

**Table 29: YE firms' satisfaction with services offered by SP per voucher cycle**

Voucher number	Voucher 1	Voucher 2	Voucher 3	Voucher 4
Respondents	275	104	48	67
Percentage satisfied	80%	75%	60%	89%

A significant majority of the young entrepreneurs were satisfied with the services they received from the SP intervention. In evaluating various aspects of satisfaction, the YE sample noted value for money (85%), venue (93%), duration of service (74%) and the content delivered (86%) from the intervention.

From the selected sample (N=417), the highest number of firms (56%) had received only the first voucher with another 16% having received the second voucher.

**Table 30: Number of vouchers accessed**

Number of vouchers	Frequency of firms	Percentage
No response	33	7
0	24	6
1	234	56
2	64	16
3	48	12
4	14	3
<b>Total</b>	<b>417</b>	<b>100</b>

For the 24 firms that were declined a voucher, 30% (7) were advised to undertake additional research on their business idea. An additional 5 firms reported no feedback from their AA after submission of an application.

In terms of frequency on average time taken to pay for the vouchers co-contribution, the highest number was 80.3% for voucher 1 followed by 91.8% for voucher 2 and 12.9% for voucher 3 and 3.6% for voucher 4. In all instances payment periods over 1 month were reported by less than 1% of the sample population. Payment therefore does not appear to have been a problem amongst YE firms.

## Redemption

After completion of the intervention the service provider is required to give a client a copy of the final product for review and input before finalisation. If the client is satisfied with the final product, s/he signs the voucher and the service provider prepares a redemption pack to submit to the AA. The AA will be responsible for verifying and endorsing the redemption before they are submitted to UYF for payment. The turnaround time for verifying and endorsement of redemption packs ranges five (5) to forty (40) days across the different AAs. The normal expectation is that redemption should be effected within 30 days of receipt of the pack.

**Table 31: Redemption Verification and Endorsement Turnaround**

Allocating Agent	No of days
Tshwane YAC	5
COMSEC	7
The Business Place eKapa	10
The Business Place Joburg	15
Limpopo YAC	10

Maximiz Pty Ltd	20
Pel Africa	20
SEDA eThekwini	40
Frances Baardt SMME Trust	12
SEDA NW	10
Average Number of days	15

Source: Sample Survey

Tshwane YAC has the shortest turnaround time followed by COMSEC. From consultations with AA's this is due to the strong communication with the UYF BCSVP staff and supporting systems which should form part of the improvement systems for future implementation of the programme as envisaged through the branches of the UYF.

The delays in turnaround time for redemption is one of the major areas of dissatisfaction raised by the sampled services providers. This is despite the SPs having raised the same at service provider meetings. Concerns are on the impact of the delays on their cash flow and revenue flows which translated to operations of SPs as small businesses. Only 15% of participating SPs reported a redemption turnaround time of 30 days or less. It is interesting to note that the majority of those with a turnaround of 30 days or less are serviced by the YACs. This further supports UYF's consideration of branch offices that have adequate systems in place to address dealing with the organisations overall service offerings.

Of the 80 SPs in the sample, over half reported having payments for redeemed vouchers taking less than 3 months. 40.5% reported a voucher redemption turnaround time of more than one to 3 months and 12.5% reported a payment cycle of 3-4 months after having redeemed a voucher.

**Table 32: Redemption Turnaround for SPs**

Time	Frequency	Percent
<1 month	12	15.0
>1-3 Months	34	42.5
>3-4 Months	10	12.5
More than 4 Months	3	3.8
No response	21	26.2
<b>Total</b>	<b>80</b>	<b>100.00</b>

Source: Sample Survey



## Programme Management

An efficient and effective delivery channel, both in terms of time and process, is a key requirement in the delivery business development service for providers and clients. The service delivery channel for the BCSVP is outlined at the levels of AAs, SPs and clients

### i. Internal Processes

The UYF BCSVP has developed various systems and processes to improve the management of the programme since its inception. One of the key concerns is the management information system. This is noted as a challenge for the organisation as whole and not just for the UYF.

### ii. Risk Management

One of the points raised is the possible collusion between SPs and clients since the payment of the R200 client contribution is paid to SP directly. A fraud-line is in place and a SP has recently been suspended due to the systems in place. This system should be maintained by the programme.

## Programme Impact

### AA level

There was a general view by AAs that their participation in the BCSVP has impacted positively on their organisations. Further analysis determined the positive change in:

*Improved organisational and management structures:* Three of the AAs reported refined organisational and management structures to in the process of accommodating implementation of the programme. Five of the AAs reported having employed more staff to focus specifically on the BCSVP. The Business Place has opened two satellite offices in Alexander and Kliptown to strengthen the reach of the programme.

*Increase in revenue:* Lack of sufficient financial information from AAs limited potential for more in-depth analysis but there are indications of improved business revenue and contribution to this by the BCSVP component. Four of the AAs provided financial information, noting improved revenues from participating in the programme. The table below provides information on changes in revenue and contribution of the BCSVP for 3 AA outlets that provided information. Though for COMSEC there is a global decline in revenue there is a relative increase in the portion of the BCSVP's contribution to the total revenue. From the perspective of UYF, this is one of the best performing AA's that should be considered as a branch office to provide the full service offerings of the UYF.

**Table 33: Contribution of BCSVP to AAs' Revenue**

AA	Total revenue (R)			Income from BCSVP as a % of total Revenue		
	2004-5	2005-6	2006-7	2004-5	2005-6	2006-7
COMSEC	R 4,483 862	R 2,679 971	R 2,322 418	39%	47%	93%
The Business Place WC	R 2, 080 000	R 1, 895 000	R 2, 185 000	35%	29%	39%
SEDA (KZN)	R 4, 200 000	R 4, 800 000	R 10, 000 000	28.5%	25%	1%

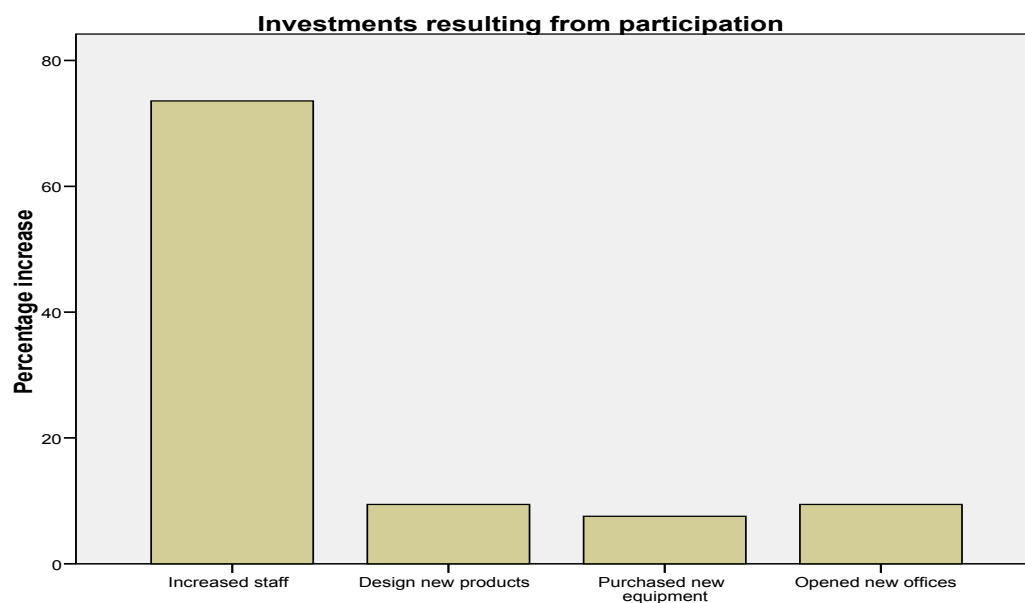
Source: Sample Survey

\*Other AAs were unable to provide information

**SPs level**

*Increase in business revenue:* Access to relevant financial information for critical analysis was limited due to very little available information and poor response from SPs on the annual turnover and the percentage of annual turnover generated through the BCSVP. However indicative responses from 35 out of 80 SPs show the BCSVP contribution ranging from 0-5% of annual turnover.

*Increased staff capacity:* Forty (50%) of the firms reported an increase in number of staff since their participation in the BCSVP to better cater to the objectives of the programme. 4 (5%) reported opening new offices as a result of the programme to ensure a better outreach to the target clients of the programme.

**Figure 5: Investments Resulting from Participation in Programme (n=52)**

*Continued participation:* 65% (52 of the 80) indicated that they would continue to participate in the BCSVP programme if it were to continue. A further 27.5% (22 of the 80) would continue to participate in the programme, as long as there are some improvements to the programme as highlighted in communication with AAs and UYF, as well as improvements in redemption turnaround time.

*Value of income generated from BCSVP:* Clients provided some qualitative comments on how they view the role of the vouchers to their businesses. As shown in Table 27 the majority of the responses represent business ability to break even, struggling to cover costs and realising enough income.

**Table 34: Value of Vouchers for SPs**

	Frequency	Percent
Enough to generate income	13	16.3
Struggling to cover costs	24	30.0
Break even	24	30.0
Loss making	6	7.5
Other	6	7.5
No response	7	8.7
<b>Total</b>	<b>80</b>	<b>100</b>

Source: Sample Survey

In order to improve the current value and contribution of vouchers to their businesses SPs felt that the current pricing of BCSVP service offering needs to be reviewed. One of the SPs reported “with current pricing for business plans, I am forced to push volumes to be able to break even at the expense of quality”. On the other hand, there are SPs participating in the programme from a social and developmental perspective and do not believe there should be too much emphasis on pricing. “SPs should maintain a balance between profit making motives and the passion to help the youth”. Only 16% of the SPs think that the value of the voucher is set at a level high enough to generate income.

*High local prices of BDS services:* Most of the SPs believe that the voucher programme has increased (42.5%) the prices in the BDS market, followed by 23.8% that perceived that there had been no change in the costs of business development services.

**Table 35: Impact of Voucher Programme on Prices of BDS**

Change in Costs of BDS	Frequency	Percentage
Costs have increased	34	42.5
Costs have decreased	10	12.5
Costs have not changed	19	23.8
Don't know	4	5.0
No response	13	16.3
<b>Grand Total</b>	<b>80</b>	<b>100.0</b>

## YEs level

*Increase in revenue:* 127/274 (46%) YE firms reported increased revenues as a result of making use of the programme services while another (144/274) 52% reported constant revenues. Only 1% (3/274) reported a decrease in revenues as a result of the programme services.

*Value of services and willingness to pay:* 83% (260/310) reported a willingness to purchase services outside of the voucher programme, with 34 of the YEs having indeed procured services elsewhere on their own terms. Any market development programme should not create a dependence syndrome amongst clients but develop their capacity to draw services from the market independently. BCSVP has been able to develop this among clients.

One of the objectives of the BCSVP is to empower young entrepreneurs by providing them with the means to purchase the technical assistance and managerial support they need to grow their business. We questioned YE firms on whether they would continue to access business development programmes after the programme and their willingness and ability to pay. 84% (260/310) reported that they would purchase business development services from the market even after the programme, 68% reporting the resources would be accessed from business savings to pay for services in the future, followed by 22% reporting payment from personal savings. What is significant is the indication of the willingness and ability of the YE firms to pay for business development services from the market.

*Job creation:* Based on number of jobs (family labour and non family labour) firms had before and after joining the programme, a total of 99 firms reported 126 family labour jobs which translated to an average of 1.6 jobs per firm. 86 firms reported 135 jobs and the job ratio per firm was maintained at 1.6. In terms of non family labour jobs 201 firms reported 1050 jobs and at a firm job ratio of 5.2 before programme. After joining the programme, 145 firms reported 870 jobs translating to 6.2 per firm. The combined jobs reported before joining the programme is 1086 by 211 firms and after the programme 915 jobs were reported by 152 firms. The ratio improves from a before picture of 5.1 jobs per firm to 6.0 jobs per firm. The job ratio actually improved while the absolute number of jobs decreased. While this may appear like a worrying factor, it may in fact point to a sustainable job creation or job strengthening scenario as firms understand their critical success factors and align to the market forces.

*Improved business management:* From 244 firms 47.5% reported improved management of their business 34% reported growth in their respective markets and 19.7% reporting on improved record keeping and an extension of their market base and business.

*Improved access to BDS – BCSVP* as affords YEs access to essential and affordable services for running the business. This relates to the ease in which the majority of YEs were able to make the R200 co payment contribution.

## 6. DISCUSSION OF FINDINGS

### Programme Inputs

On the basis of discussions with UYF staff, there are clear indications that staffing for accreditation of the SPs is insufficient in terms of numbers contributing to delays in the defined process. It was observed that the SP directory was not up to date (267 as opposed to the 323 reported by UYF) which ultimately impacts on YE access to possible business development services and reach of the programme.

#### AA Technical Capacity

Within the value chain of services provided to YEs, observations were made regarding the supervision and technical capacity of the AAs. AA's do not necessarily have the technical competence of the services provided by SPs. The perceived lack of technical capacity will impact the quality of monitoring and supervision AAs offer to SPs. It is important that AAs have the basic understanding of the service offerings of the programme for quality control and determining areas of further support for YEs.

#### Management Information Systems

One of the central elements of the programme is its management information system and database which can be used to monitor, assess performance and decision making. A limitation noted from the management of the InTouch database is the absence of accurate information inputted at the AA level. One of the AAs (SEDA NW) was unable to provide updated information through its server resulting in suspension from the programme. The programme has a system in place which focuses on the key programme indicators and information, it must however be effectively utilized and appreciated as a tool to monitor performance of the programme.

The MIS should be a reliable source of information for the management and performance of the programme. The current system does not provide for accurate and timely information regarding the programme, and is ineffective to provide timeline data on the voucher programme. The approval date for 12,031 of the 36,433 applied vouchers is recorded as prior to the beginning of the programme. Similarly the activation date authorising the SP to begin the intervention is recorded prior to the beginning of the programme for over 20 000 vouchers.

There are inconsistencies in the way data is entered into the system (e.g. UYF branding, branding, branding and promotional material) including the sector to which the YE firm belongs. Improving and continually updating AAs and staff who manage the system to ensure a common understanding should be a key consideration for the UYF. This suggests a review in the design of the management information system (agree on performance indicators, integrated work flow system) as well as a vigorous orientation on the use of the MIS for all user in the implementation of the programme.

#### Service Provider and AAs Capacity

It was observed that there was increased staffing inputs for both SPs and AAs for the purposes of delivery of the programme. This could be a positive input in terms of interest and commitment to the

programme. However this also raises issues in terms of sustainability of the structures beyond UYF support. There is need to monitor AAs and SPs that increased their staff structures against those that have integrated the programme within their existing structures as was noted from the Kwazulu Natal SEDA AA. This can inform the most effective and cost efficient partners and structures for service delivery.

## **Programme processes**

### **SP Accreditation and Voucher Redemption**

The UYF programme has clear processes in terms of voucher redemption and SP accreditation. There is general satisfaction with the processes in place, however concerns were raised with the turnaround time, which in most cases exceeded the set standards. This is further affirmed by SP's that broadly defined various steps but did not go through all the steps, but were still accredited to the programme. This requires that there is a review of the steps in accreditation to streamline the processes. One of the main issues that emerged from SPs was the length of time that the process took for formal accreditation. From the survey data (88%) of the SPs reported that it takes more than 3 months for accreditation. UYF has reported that the accreditation process has been reduced from 6, to 2-3 months with accreditation of at least 15-20 service providers per month.

The programme should ensure that redemption turnaround is shortened. Increased capacity at the AA and UYF level to reduce turnaround times would impact positively on the SP revenue and cash flows. Tshwane YAC has the lowest turnaround time for voucher verification and endorsement and lessons and could be articulated to other AAs. One of the SPs commented that "there is a lot of duplication of efforts between the AA and UYF, which both check the quality of the final product. Why not consider nationalising the YAC model?"

### **Contract Versus Performance Monitoring Relationship**

SPs are monitored and report to AAs within the programme despite the former having a direct contract with UYF. One of the key issues to be raised is the relationship between the two when the contractual obligation of the SPs is with UYF. This can raise issues of accountability and reporting as observed in instances where SPs are not providing reports to the AA. This can also be linked to the issue already raised regarding the SPs questioning the capacity of AA's to monitor their performance and service delivery.

### **YEs Selection of SPs**

From the sample, it is observed that YEs selection of SP is largely influenced by the AAs. This has potential implications in terms of collusion between AAs and SPs and would require more effective monitoring by UYF. There is need to ensure that there is more information flow on SPs and services offered through the programme. This should also include a mechanism for YEs to provide insights on their experience with a SP, which should form part of the SP directory.

One of the key features of market failure in the demand and supply for business development services is when service providers and consumers have insufficient information to create optimal exchanges. The voucher programme has improved information flow as evidenced by the number of applicants to

the programme, but there is room for improvement. From the sample YE firms that were not satisfied with the service offerings of the SP, there was little reporting to the AA or the SP itself on the quality of the work. It is important to have open channels and transparency of the full programme and encourage YE firms to exercise their choices and experiences with the service offerings.

Programme efficiency assesses the degree to which inputs have been applied to generate outputs. The table below assesses the efficiency of the programme since implementation. Based on information from the In Touch database and the UYF Finance Department, as at May 2007, the total cost of implementing the programme amounts to R 123,132,169.00 with the issuance of 24,410 vouchers. This resulted in a total value of R 174,163,300 vouchers (R169,950,500 (In Touch) + R4,212,800 (client contribution) assuming that young entrepreneurs have paid their R200 contribution). It should be noted however, that this is an under estimation as during the pilot phase and initial national roll out, young entrepreneurs contributed 10% to 40% of the required cost of service based on an upward scale of the number of vouchers. Prior to receipt of a voucher, a client had to contribute 10% of the voucher value and this contribution increased gradually for each subsequent voucher up to the fourth voucher for which a 40% deposit was required. This client contribution has been reduced to a flat rate of R200 and due to the available data, we have taken the value of issued vouchers with YE contributions as R200.00 based on the current practice. This has been used as a proxy value for the client contribution to the programme. Based on these results, the programme had to spend R0.71 for each R1.00 which it applied in subsidising the business development service to young entrepreneurs. This is assuming that 7,061 of the 24,410 vouchers have been redeemed over implementation of the programme.

**Table 36: UYF Operating Data – Summary of Efficiency**

<b>UYF Costs</b>	<b>Actual* 2002-2007</b>
UYF Direct and Indirect Costs	R 14 806 196.00
Disbursements for Voucher Allocation	R 81 000 534.00
Management Fees – AA	R 27 325 439.00
Total Costs	R 123,132,169.00
<b>Indicators</b>	
Vouchers Issued	24410
Value Issued*	R 174,163,300.00
Vouchers Submitted	7061
Value Submitted**/**	R 51,927,200.00
Ave. Voucher Sub	R 7,354.09
Cost/Vouchers Issued ratio	R 5,044.33
Cost/Vouchers Submitted ratio	R 17,438.35
Efficiency = Cost/Value Submitted	R 2.37
Efficiency = Cost/Value Issued	0.71

\* Cost of vouchers as cited in the In Touch database as well as assuming R 200 co-contribution of the young entrepreneurs

\*\* Cost of vouchers is cited from the In Touch database as well as estimated R 200 contribution of clients.

\*\*\* This is assuming that all vouchers submitted to UYF for payment have been redeemed

In comparison to the pilot programme, the operating efficiency was R0.58 for each R1.00 of subsidy based on the number of issued vouchers. The critical point to note is that the programme needs to enhance its overall throughput systems in terms of redeemed vouchers to enhance efficiency.

For AAs, when we compare operating costs with performance indicators, it is difficult to provide a full analysis due to the available data. The Business Place-Joburg, which has the greatest number of issued vouchers and the sixth highest submitted vouchers, spends R 0.10 for each R1.00 of subsidy provided through the programme. The AA also has a relatively high number of employees (38%) dedicated to the programme and relies on UYF marketing initiatives in the province as well as existing SEDA business offerings and networks. The AA cites that the programme could have greater impact with additional AAs and/or outlets within the province. part of the overall UYF service offerings.

In Kwazulu Natal, SEDA – eThewini cites a capacity constraint in implementation of the programme due to limited personnel dedicated to the programme. However, the AA is the second most efficient by spending R 0.05 for each R1.00 of subsidy provided through the programme. The AA also has the highest number of vouchers that have been submitted for redemption as one of the pilot provinces and notes that the initial networks and services provided as an organisation were in line with the BCSVP objectives.

The Free State AA, Maximiz Marketing and Development is the least efficient spending R0.33 for each R1.00 of subsidy provided through the programme. The programme also has 40% of their staff dedicated to the programme, but cites the quality and number of SPs as a critical challenge in implementation of the programme.



## IMPACT ASSESSMENT AND PROGRAMME EVALUATION OF BUSINESS DEVELOPMENT SERVICES VOUCHER PROGRAMME

Table 37: AA Performance Indicators – Operating Efficiency

Province	Gauteng		Eastern Cape	Northern Cape	Free State	MPU	North West	KZN	Western Cape	LIM****
Allocating Agent	TBP Joburg	YAC Tshwane*	COMSEC	FB SMME Trust	Maximiz	Pel Africa	SEDA	SEDA	TBP-eKapa	YAC Polokwane
COSTS										
Total Costs**	R 5,921,041.00		R 5,909,328.00	R 1,482,000.00	R 3,280,000.00	R 2,368,000.00	R 1,140,000.00	R 1,268,712.50	R 4,292,229.50	R 2,187,800.00
INDICATORS										
Vouchers Issued (VI)	3863	2428	4623	856	1389	1579	1025	3621	2390	2026
Value Issued***	R 830,639,100.00	R 19,947,100.00	R 30,058,100.00	R 6,491,700.00	R 9,989,800.00	R 11,452,300.00	R 7,122,000.00	R 25,833,700.00	R 17,852,500.00	R 19,866,700.00
Vouchers Submitted (VS)	630	1098	872	292	528	687	256	1302	775	435
Value Submitted***	R 4,910,500.00	R 9,111,600.00	R 5,722,400.00	R 2,377,400.00	R 3,793,100.00	R 5,005,900.00	R 1,821,200.00	R 9,299,400.00	R 5,838,500.00	R 2,769,500.00
Ave. Voucher Submitted	R 7,794.44	R 8,298.36	R 6,562.39	R 8,141.78	R 7,183.90	R 7,286.61	R 7,114.06	R 7,142.40	R 7,533.55	R 6,366.67
Cost/Vouchers Issued ratio	R 1,532.76		R 1,278.25	R 1,731.31	R 2,361.41	R 1,499.68	R 1,112.20	R 350.38	R 1,795.91	R 1,079.86
Cost/Vouchers Submitted ratio	R 9,398.48		R 6,776.75	R 5,075.34	R 6,212.12	R 3,446.87	R 4,453.13	R 974.43	R 5,538.36	R 5,029.43
Efficiency = Cost/Value Submitted	R 1.21		R 1.03	R 0.62	R 0.86	R 0.47	R 0.63	R 0.14	R 0.74	R 0.79
Efficiency = Cost/Value Issued	0.01		0.20	0.23	0.33	0.21	0.16	0.05	0.24	0.11

\* Could not differentiate operating costs from consolidated figures provided from UYF

\*\* Costs taken from AA/UYF contracts

\*\*\* Value includes costs reported in InTouch database and assumed R200 client contribution - underestimation

\*\*\*\* Used previous organisational contract value to indicate cost of the programme

## **Programme outputs**

Evidence from the pilot phase is that there were clear programme outputs (target – 2500 vouchers). Beyond the pilot phase, analysis of the effectiveness and efficiency of the project is made difficult by the absence of a design document which outlines the specific outputs that were targeted for the phase under evaluation. However analysis of the programme contracts with AAs gives an indication that the intended outreach could be the issuing of 20 000 vouchers. This target by the time of the evaluation had been exceeded with 24 410 approved vouchers.

Similarly the programme should set clear targets in terms of YEs and SPs to be reached through the programme over specific time frames. This will allow for a more effective evaluation of performance.

The programme set out to have AA's in each province, which had been achieved at the time of the evaluation. Performance per province indicates a mixed trend with Gauteng having the highest outreach of approved vouchers through 4 outlets since inception of the programme. On the other hand KZN has a relatively high outreach with only one AA. This raises issues on the consistency in the productivity and effectiveness of AA outlets. There is need to develop clear performance benchmarks to determine the capacity of outlets. This will also take into account contextual variables such as population density, economic activities and rural/urban dynamics. From a review of the voucher applications to the programme, the largest proportion is from urban areas. This may be due to easier means of marketing the programme within urban areas. There is need to ensure that AA's adopt innovative promotional strategies to ensure depth of outreach in rural areas. This could include targeted road shows and utilization of existing strategic platforms – schools, business forums, municipality meetings, and UYF networks.

## **Programme Outcomes**

Indications from stakeholders are that there is an improved appreciation of BDS and the programme. SP's further noted their interest to continue participation in the programme. The programme should consider developing outcome indicators related to attitudes towards BDS, willingness to source and pay for services independent to the BCSV, development of new and demand-driven BDS products and services by SPs. There is need for additional indicators to monitor the YE application of the skills acquired from the services provided through the programme.

From our YE sample the programme has recorded impact in terms of increase in business revenue, job creation and business management. There is a need to develop a more robust system of indicators to monitor the impact of the programme on YEs beyond the anecdotal responses they gave during the evaluation. This could include verification of financial performance and systems developed by the YEs.

## **Products**

The most prominently used vouchers within the programme were business plans, branding, and business registration. These products are consistent with the target group who are mostly new entrants into the business environment and need such support. As the YE business grows and requires different and more technical business development services there should be a change in the level of sophistication of the service. There is a need to review the existing service domains and the profile of the different YEs, to structure the service offerings in such a way as to target the needs and maturity levels of the YEs. There is need to ensure the appropriateness and effective utilization of the service by the YE, and monitor application of the skills.

## **Stakeholder Perceptions on the Programme**

On the basis of discussions with the stakeholders, there is a general satisfaction with the overall programme and its objectives. There is however need to address concerns about the turnaround time as this has the potential to impact on business performance and ultimate participation of SPs and AAs.

There is need for better communication between all the levels of stakeholders within the programme addressing aspects such as changes in processes and staff, timely feedback on final products, and queries.

## 7. RECOMMENDATIONS

This section of the report provides the recommendations from the impact assessment and evaluation of the BCS voucher programme.

### Improve the Information Flow

- **Improve YE access to information on the performance rating of SPs accessible through the programme** – YEs deserve to know the competence and quality of service they can access through a range of SPs accredited to the programme
- **Develop and provide SPs with information on YE profiles**
- **Ensure timely updating of the service directory to reflect new SP entrants into the programme** - AAs could enhance their performance monitoring of SPs to provide detailed information of the services and quality of services provided by SPs to the YEs.

### Improve marketing of the programme using innovative methods

- **Road shows, schools, business forums, UYF networks**
- Marketing of the programme and in particular the services offered by SPs would enhance the programme. YE firms currently receive information on the services provided through the AAs and the service directory.

### Quality control of SP products at AA and UYF level

- **AAs could enhance their performance monitoring of SPs to provide detailed information of the services and quality of services provided by SPs to the YEs**
- **Decentralise the accreditation process of SPs to the provincial level.** This will enhance the programme profile at a lower level as well as reduce bureaucracy.
- **UYF could outsource product quality review to qualified SPs who make recommendations to UYF to support the accreditation process**

**Enhance performance management indicators.** The reporting tools and management information systems form a critical component for the programme. It is recommended that a tracer study documenting the general trends of the socio-economic status of the clients should be undertaken to provide more valuable information on the market development results and impact of the programme. The following performance indicators are recommended:

### Market Development:

Increased provider revenues  
Increased number of services

Number of clients returning to purchase non-voucher services

**Demand-side indicators:**

Number of vouchers/projected number of users

Number of vouchers/potential market

Consumer satisfaction

Number of repeat users

Number of jobs created

Number of clients accessing finance and securing tenders

**Supply-side indicators:**

Trends in prices per service per hour

Dependence of SPs on vouchers

Voucher revenue over total revenue

**Allocating Agent Performance:**

Value of vouchers issued/redeemed

Type of clients attended

Regional diversity of recipients

Cost per unit(voucher issues/redeemed)

**Impact indicators:**

Changes in the livelihoods of youth

New BDS products in the market

Range of SPs within the market

## **8. LESSONS LEARNT AND CASE STUDIES**

Based on the evaluation and consultations with the respective levels of the programme, this section presents some of the lessons learnt and case studies from the programme.

### **Lessons Learnt**

#### **Young Entrepreneurs**

Since the inception of the programme, 36,433 applications for vouchers have been made resulting in the issuance of 24,410 vouchers to young entrepreneurs. It is evident that a large percentage of the applicants cover a huge portion of the previously disadvantaged individuals, which makes it clear that the UYF is successfully meeting its goals and objectives, although most of the applications are from urban areas. From the YE firm sample, there was a shortfall of women entrepreneurs accessing the BCSVP. That raises the need to introduce more females to make use of the business development services and introduce them to the world of entrepreneurship.

The YE firms' selection of service providers were mainly informed by recommendations from AAs (28.5%), followed by the service directory (27%) and recommendations from other young entrepreneurs (16.5%). Though encouraging to note that YE firms are exercising their market choice, the AA referral may need to be toned down so as not to have an undue influence on the YE choice.

A significant majority of YE firms were satisfied with the services they received from the SP intervention noting value for money (85%) and duration of the service (74%) as the main areas of satisfaction. In the YE sample, 83% (260/310) reported a willingness to purchase services outside of the voucher programme, with 34 of the firms having procured services elsewhere on their own terms. From a market development perspective, the programme has not created a dependence syndrome amongst clients as reviewed by their willingness and capacity to purchase services.

#### **Allocating Agents**

AAs undertake various marketing initiatives to market and promote the BCSVP. Nine of the AAs actively market the programme through a combination of channels including print and electronic media and word of mouth.

There are major differences with the redemption verification and endorsement turnaround time among the different AAs, with Tshwane YAC reporting the shortest turnaround time of 5 days and KZN reporting the longest turnaround time of 40 days. Consideration of the branch level offices as envisaged for the decentralisation supports the benefits with the performance of Tshwane YAC.

#### **Service Providers**

The majority of SPs reported finding the accreditation process easy (29%) and satisfactory (51%). Three of the main issues raised by SPs in the programme were the length of time for the accreditation process, the length of turnaround time in voucher redemption, and the value of vouchers.

The picture that emerges from the SP sample survey is that the majority (88%) of SPs take more than 3 months for accreditation to the programme, with 40.5% reporting a voucher redemption turnaround of more than one to three months.

The first SP evaluation was undertaken last year, with over half of the SPs terminated. The current drive is to increase the numbers of SPs and ensuring good quality and capacity to support the programme. Decentralisation of the SP approvals to branch level is one of the possible avenues being considered.

## **UYF**

One of the principal challenges raised by UYF was the management information system and drawing on information on programme implementation and impact. It was reported that in many cases, manual reporting was found to be more reliable than the MIS. In the interview with the ICT Department, the emphasis was made on the importance of fully articulating the needs of the programme (e.g. Monthly YE reports) and having a work flowed system (e.g., Loading of a company for a second time).

The UYF has improved on the turnaround time for accreditation. The SP accreditation process has been reduced from 6 months, to two to three months. Issues on capacity and manpower to support this process were also raised as a concern. It is however, also reported that there are 323 accredited SPs though this is not reflected in the service directory, which is updated as a when possible. This impacts on the service provider choice open to YE firms.

Concerns were raised on the general capacity to manage the programme by optimising the existing structure. The decentralisation process is expected to provide better management for the programme with manages support in terms of infrastructure, IT and operations.

## **Case Studies**

From the consultations with the young entrepreneurs, some interesting experiences with the BCSVP emerged on the creation of sustainable and competitive entrepreneurs which were documented further in a follow-up interview. Key issues that emerged from the case studies include:

- Need to have an understanding of your market and client base
- Benefit of core skills, knowledge and experience in sector
- Positive impact of BCSVP in development of the business
  - Support to start ups and understanding of running a business
  - Willingness to pay and access other BDS services
  - Targeting intended beneficiaries
  - Access to financial resources and new business
- Negative aspects of the BCSVP
  - Quality of work by SPs
  - Understanding of the voucher programme processes and procedures for YEs

**Western Cape****Business A in Catering – Tourism and Hospitality Sector**

This young black female entrepreneur began her business three years ago with a family background in the tourism and hospitality sector. She was working in events management, her husband is a chef, and her mother has been working in the catering business. With an indication of a possible target market and experience in the catering business, she started an events and catering business in 2004.

The young entrepreneur first accessed the BCSVP in 2006 with an aim to improve sales and manage her business better. Being able to access the services cheaply was also an important motivation in applying to the programme. The programme is the only external assistance that she has received from service providers. Since the BCSVP interventions (accounting, marketing and business plan), she still notes the challenges and competition that forces her to be price competitive and provide a good service. She notes a very positive experience with the BCSVP and the two service providers, who were recommended by other clients.

A key lesson from her experiences is that one should have a good understanding of their client base and target market when establishing a business. Developing a business plan and strengthening the branding of her company has created a remarkable improvement in her business. She plans to take this forward by expanding her client base and is willing to purchase other business development support services from her own resources. She has set up a website and branded her vehicles with a view to focus more on the events management and catering to key clients.

**Business B in Finance Sector**

This young Indian male began his business less than a year ago with an educational background in finance and legal services. As a start up business key challenges have been how to put the business name on the market, access those markets and access to finance. Marketing and day to day management of the business were the main concerns, but the freedom of running his own business was an over-riding factor in starting the business.

With a corporate background, the freedom of running his own business and facilitating mergers and acquisitions triggered him to use his own savings to start the business. The BCSVP allowed him to brand and more effectively market the company through a website, letter heads and business cards. The branding has created a professional look to the company and clients are more ready to deal with his business.

One of the key lessons learnt is the challenges of the day to day management of a business. Though he has the core skills for his business some of the development challenges include human resource management, dealing with registration and SARS. His experiences are the importance of having the core skills for your business, and learning about the day-to-day running of a business and general financial administration. He believes that a positive demeanour, perseverance, and a professional attitude has been an important part of establishing and running his business.



Future plans are to build up a client base and grow the business to employ more people. With the branding of the business he has noticed an increase in business and is willing to purchase other business development services to strengthen his business.

## **Gauteng**

### **Business C in Construction Sector**

This young female entrepreneur makes a sound recommendation for the programme on the basis of her experiences. Before she registered her own company three years ago, she and a business partner provided construction services for a large construction company. With experience in a farming community she decided to start a new business providing building, water reticulation and sewer networks. Her vision has to run a sustainable business within 5 years.

Since starting her business she has gotten contracts and currently has a contract to build 50 units of housing. Initially difficulties in starting up the business were access to finance and she has undertaken additional work through other small companies to maintain a cash flow. Some of the key challenges were trying to source finance from a bank as start up business. She first accessed the BCSVP in early 2007 to purchase support services cheaply and has accessed three vouchers for the development of a business plan, web-based management and business administration. All three vouchers were sourced from one service provider who approached her about the BCSVP.

She had a bad experience with her SP, and has had to get additional BDS outside of the BCSVP for business administration and bookkeeping. She proposes better communication and orientation of the clients to the programme. In terms of process, she signed off on the voucher without the delivery of services from the SP. No formal complaint or follow-up was made with the AA or UYF. Key lessons from her experiences are understanding the business climate one is working in a ensuring that one has the relevant information about existing support for business development. She notes that learning from her mistakes is part of process in running a business and envisages running a sustainable construction business.

## **Limpopo**

### **Business D – Tourism and Hospitality Sector**

This young entrepreneur started his business last year because he wanted to do get involved in the catering industry. He is also in the construction sector and services. The specific activities of the business include catering, supplying stationery and working in the construction of boreholes. The main challenge has been in the inconsistency of regular work on a monthly basis.

His main goal is to run a successful business and cater to the private sector, educational institutions and Government departments. He has accessed three vouchers from the BCSVP (business plan, business administration and financial statements). For his first voucher, the service provider was recommended by the AA and the entrepreneur was not pleased with the final product. The BCSVP has provided support in terms of an improvement in the management of his business and increasing the number of employees. One of the critical challenges will be to market his business and improve the overall management. His ultimate goal is to manage and run businesses throughout the province.

**KwaZulu Natal****Business E – Tourism Sector**

This company currently employs 1 full-time staff member and is in the business of organizing events, conducting motivational talks and image consulting. This young male entrepreneur started off as a life skills provider in 2000. He set out originally to help the community and he didn't really know the overall target market. He later turned this into a business when he realised that he could access a greater market and audience. He later began working with tertiary institutions and NGOs in the form of motivational talks. The business has been doing well with a steady build of clients. Spar has approached him to provide training for their staff and he is in the process of negotiating the contract.

This young entrepreneur first applied for a voucher in February 2007. They found the application process easy and received a voucher for business feasibility. They found the service satisfactory but it would be better were there more service providers to choose from. The voucher process allowed them insight as to what other businesses are offering and placed the business at an advantage to offer unique services. The business feels that the BCSVP is a useful programme as it allows young people to access more services that they could not possibly afford before.

He has had great success with schools and universities such as the University of Zululand. He has done leadership training in Durban and other technikons. The Dean of Students at the University of Zululand has asked him to train students and develop an official leadership programme which is sustainable. Challenges have been mainly resources for the office and expanding business. Their marketing strategy is through word of mouth as they go through different institutions and improving of this strategy is a possible area of support.

**Business F – Manufacturing**

This business was formed in April 2005 specializing in jewellery design and manufacturing and the target market is urban youth, couples and fashion houses.

This male entrepreneur developed the company to solve the problem of unemployment as well as the fact that there were no jewellers in the area. The goal was to make it a big brand with a network and to export African designs. His successes thus far are that they have a place to work and equipment and his target market is quite pleased with his product. There have been a lot of challenges thus far, initially when they started trading the customers didn't believe in them they thought that only more established and known commercial competitors made good quality jewellery. Other critical challenges have been financial resources and marketing of his products.

The business is up and running and doing well which they attribute to the success of the services they received at the initial stages of the planning phase. The business has accessed three vouchers (business plan, web-based marketing and accounting) and all other development of the business has been through own skills development and growth.

The business has not received any other BDS services, but credits the initial support from the BCSVP and his passion for the growth of the business. If the firm had additional capital one of the changes to be made would be to expand and change their target market by also looking at international markets. They are looking at 2010 how they can design different jewellery that is a mixture of African and European designs that is nice and expensive/exclusive not only African. His future plans are to develop another company in cloth manufacturing. He loves manufacturing and he has a lot of knowledge about fabric construction.

## **Eastern Cape**

### **Business G - Manufacturing**

This young entrepreneur has been in the business for 12 years but he bought the business and took it over 3 years ago. His motivation was to expand and work for himself and make a better life for himself and his kids. It has been challenging especially with the financial situation in the area, he battles to get money out of people. Business is down in the area and a lot of people are complaining. Everything is generally working out well though. He has realized that he can do it independently. He has bought his own premises and the market has received him very well. His business philosophy is that the customer is always right. He has a different way of treating and dealing with customers than his competition. He is concerned about the area, he would like to see the government working on developing the area more. Their focus is on East London which is already developed, but there are already enough jobs there. The smaller areas in the Eastern Cape are suffering like King Bishu.

The business got assistance from Khula as a guarantor when he initially bought the business and he also received bank loans to buy the premises. Key lessons from his experience are that proper research and understanding the market can lead to sustainability. His future plans are to work on improving technology and keeping track of the changing business environment and competitors.

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## Annex A

Table 38: Analysis of voucher use by survey sample YE firms

			Voucher 1		Voucher 2		Voucher 3		Voucher 4	
code	Service	Cost in R	#	%	#	%	#	%	#	%
101	Tendering	4500	0	0%	0	0%	1	2%	1	7%
1001	Lease agreement	4000	0	0%	0	0%	0	0%	2	13%
1005	Shareholders agreement	4000	1	0%	1	1%	0	0%	0	0%
1201	Research plan	1500	1	0%	3	3%	1	2%	0	0%
1202	Marketing plan	10000	28	9%	31	25%	9	15%	0	0%
1206	Marketing communication plan	3000	1	1%	0	3%	1	2%	2	13%
1203	Products and services	1500	4	1%	8	7%	8	13%	0	0%
1205	Target market/market analysis	2500	0	0%	1	1%	0	0%	0	0%
201	Accounting	5000	6	2%	4	4%	4	6%	0	0%
301	Web based marketing	6500	17	5%	23	16%	14	23%	1	7%
401	Bookkeeping once off clean up	3000	4	1%	8	7%	2	2%	2	13%
501	Business administration	15000	4	1%	4	4%	6	10%	3	20%
502	Preparation of budgets	4000	0	0%	2	2%	1	2%	1	9%
509	Payroll system	5000	1	0%	1	1%	0	0%	0	0%
510	Assistance with IT hardware and software systems	3000	1	0%	0	0%	0	0%	0	0%
601	Business feasibility	5000	16	5%	2	2%	1	2%	0	0%
701	Due diligence	18000	5	2%	4	4%	0	0%	1	7%
801	Business plan	7000	190	59%	18	14%	5	7%	1	0%
901	Business improvement plan	7000	16	5%	6	5%	1	2%	0	0%
902	Expansion plan	7000	1	0%	0	0%	0	0%	0	0%
904	Growth plan	7000	5	2%	1	1%	1	2%	0	0%
905	Productivity improvement plan	7000	1	0%	0	0%	0	0%	0	0%
300	Business registration	2500	18	6%	1	1%	0	0%	0	0%
500	Branding	5000	8	1.8%	6	5%	7	11%	2	13%
	Total		362	100%	126	100%	61	100%	15	100%
	Average voucher value		2,603,142	<b>7,191</b>	992,376	<b>7,876</b>	394,975	<b>6,475</b>	112,995	<b>7,533</b>

Source: Sample Survey