Training Voucher Scheme Impact Study

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CONTENTS

ACRONYMS and ABBREVIATIONS

AMFISA	Association for Pro-poor Micro Finance Institutions for South Africa
APS	Adult Population Survey
BBBEE	Broad Based Black Economic Empowerment
BDS	Business Development Services
BSM	Business Sophistication Measure (FinScope)
CBOs	Community Based Organizations
CDE	Centre for Development of Enterprise
CIE	Centre for Innovation and Entrepreneurship
CIPC	Companies and Intellectual Property Commission
CIPRO	Companies and Intellectual Property Registration Office
CPPP	Community Public Private Partnership
DED	Department of Economic Development
DGRV	German Co-operative and Raiffeisen Confederation
DST	Department of Science and Technology
FNB	First National Bank
FSCs	Financial Services Cooperatives
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
HDIs	Historically disadvantaged individuals
IDC	Industrial Development Corporation
IFC	International Finance Corporation
Khula	Khula Enterprise Development Fund
LBSC	Local business service centres (Ntsika's)
LDCs	Less developed countries
LFS	Labour Force Survey (Statistics SA)
MACs	Manufacturing Advisory Centres (MACs
MCP	Microcredit Program
MFIs	Microfinance institutions
Namac	National Manufacturing Advisory Centre
NCA	National Credit Act
NCR	National Credit Regulator
NGOs	Non-Governmental Organizations
NSB Act	National Small Business Act of 1996 as amended by the National Small Business Amendment Act of 2003 and 2004
NSBAC	National Small Business Advisory Council
NYDA	National Youth Development Agency
OCIPE	Office of Companies and Intellectual Property Enforcement
OECD	Organization for Economic Co-operation and Development
PFMA	Public Finance Management Act
SA	South Africa
Samaf	South African Micro Apex Fund
SEDA	Small Enterprise Development Agency
SEF	Small Enterprise Foundation

SESE	Survey of Employers and the Self-Employed (Stats SA)
SETAs	Sector Education and Training Authorities
SMBs	Small and Medium Businesses
SMMEs	Small, Medium and Micro-Enterprises
dti/DTI	Department of Trade and Industry
UCT	University of Cape Town
UN	United Nations
UNIDO	United Nations Industrial Development Organization
WB	World Bank

1. INTRODUCTION

1.1 PRIMARY STUDY OBJECTIVES

1.1.1 Evaluating the impact of the CHIETA Training Voucher Scheme on the training of co-operatives and SME's.

1.1.2 Evaluate both intended and unintended outcomes

1.2 SECONDARY STUDY OBJECTIVES

1.2.1 Identify challenges or barriers faced by SME's and critical factors to operate successfully.

1.3 IMPACT STUDY COVERAGE

1.3.1 CHIETA

- Interviews with CHIETA management involved and / or interfacing with the Voucher Scheme to determine positive and negative impacts experienced.
- A List of applications (100) and approvals of Co-operatives and SME's was supplied to the researcher by the CHIETA in order to determine the scope of learning requested, amount of people trained and sectors they came from.

NOTE:

Due to the small size of the database provided, the full 100 Co-operatives and SME's were covered. There was no sampling applied to the Co-operatives and SME's interviews and questionnaires analysed.

1.3.2 GOVERNMENT SCHEMES

Current government support and development schemes were reviewed with regards to determining what is available as well as how they could be brought into the CHIETA's Co-operatives and SME development and support initiatives.

1.3.3 SECTOR and SME / CO-OPERATIVE STUDIES

Various studies and articles on SME's and Co-operatives were reviewed in order to determine findings and trends with regards to problems, indicated areas of required support and development listed by SME's and Co-operatives.

The comparison from the current CHIETA Training Voucher Scheme and that from the other studies and articles is documented in ANNEXURE D, with the objective of improving the CHIETA Training Voucher Scheme.

1.4 STUDY METHODOLOGY

The study methodologies employed in this study include secondary and primary research. The first phase of the study was to review available literature and data.

The source of government support and development schemes were the following :

- Department of Trade and Industry (**Dti**)
  - The Black Business Supplier Development Programme (**BBSDP**)
  - Co-operative Incentive Scheme (**CIS**)
- Small Enterprise Development Agency (**SEDA)**;
- Small Enterprise Finance Agency (**SEFA**);
- National Empowerment Fund (**NEF**);
- Industrial Development Corporation (**IDC**);
- National Youth Development Agency (**NYDA**);

The second phase of the study was primary research. Electronic (email) and telephonic interviews were conducted with the list of applications (100) and approvals of Co-operatives and SME's was supplied to the researcher by the CHIETA.

2. RESEARCH DATA

ANNEXURE A - GOVERNMENT INITIATIVES COVERED

- Department of Small Businesses Development (SBD)
- Dti
  - Black Business Supplier Development Programme (BBSDP)
  - Co-operative Incentive Scheme (CIS)
  - Support Programme for Industrial Innovation (SPII)
  - Technology and Human Resources for Industry Programme (THRIP)
- Small Enterprise Development Agency (SEDA)
- Small Enterprise Finance Agency (SEFA)
- National Empowerment Fund (NEF)
- Industrial Development Corporation (IDC)
- National Youth Development Agency (NYDA)

ANNEXURE B – ARTICLES and PAPERS

- Research study to identify the Needs, Opportunities and Challenges of SMEs in the Plastic and Chemicals Sector – *31st January, 2013*
- OSIBO REPORT

ANNEXURE C - CHIETA

- CHIETA MANAGEMENT – Interview conducted at CHIETA offices on 27th October 2014
- Qualifying Co-operatives and SME's Database.
    - Applications
    - Approvals
    - Due Diligence reports

ANNEXURE D - CO-OPERATIVES and SME'S

- Questionnaire compilation

ANNEXURE A

GOVERNMENT INITIATIVES

1. DEPARTMENT OF SMALL BUSINESSES DEVELOPMENT (SBD)

Why was the SBD Ministry formed

Government statistics show that SMMEs make up 57% of South Africa's GDP and account for 56% of employment (77% of which are within the informal sector).

In the 2014 State of the Nation Address, there was a strong feeling within government that small and medium enterprises were very important in building the economy, with the National Development Plan identifying small businesses as the key to reducing poverty, income inequality and unemployment,

Key performance areas

The success of the department lies in how it will manage to:

– Promote entrepreneurship

– Unlock potential through better business environments

– Promote more competitive small businesses

Key areas of focus

The department will provide support to SMEs by focusing on three business areas, namely:

– Micro enterprises

– Small business in high-growth sectors

– Black owned and managed small and medium enterprises.

Areas of focus also include support for township economies jointly with Economic Development departments, and the implementation of the entrepreneurship programme through centres for entrepreneurship (such as innovation and entrepreneurship hubs etc.) based in all the 9 provinces.

Mandate of the Department

The Department of Small Business Development is mandated to provide extensive support to small business and cooperatives through:

– Consolidated public agencies, including:

Small Enterprise Development Agency (SEDA),

Cooperatives Development Agency and

Cooperatives Tribunal

– Support enterprise coaching, including:

Centres for Entrepreneurship and the

Youth Enterprise Development Strategy

– Mentorship, including:

National Business Upliftment Support

– Incubation, including:

Incubation Support Programme

– Intensive support programmes, including:

Support Programme for Industrial Innovation (SPII),

Enterprise Development Programme,

Gender and Women Empowerment Programmes and

Cooperatives Incentive Scheme.

The Department undertakes to do this by taking into consideration the Preferential Procurement Policy Framework Act, and strategies to develop the empowerment of youth, women and cooperatives. The department will continue collaborating with provincial entities to advance the Cabinet Decision of 2007 which called for 85% procurement of ten specified products and services in areas of focus that include the green economy, ICT, energy, manufacturing as well .

The department is also mandated to enhance coordination and transversal agreements, and to advance localization, leveraging on public support in support of small business.

The budget

The SBD has been allocated a budget of R6.5 billion over three years, with proposed tax relief to reduce the tax burden on micro-enterprises.

2. DEPARTMENT OF TRADE AND INDUSTRY (Dti)

In March 1995, **the Dti** published the White Paper on National Strategy for the Development and Promotion of Small Business in South Africa which encourages the establishment of a support framework; in the form of enabling legislation, institutional reform, leveraging financial and other forms of assistance for small business development.

Government has established several institutions mandated to deliver a wide range of key services, including both financial and non-financial support services to small enterprises.

2.1 Dti Incentives

Black Business Supplier Development Programme (BBSDP)

The Black Business Supplier Development Programme (BBSDP) is a cost-sharing grant offered to black-owned small enterprises to assist them to improve their competitiveness and sustainability to become part of the mainstream economy and create employment.

Co-operative Incentive Scheme (CIS)

The Co-operative Incentive Scheme (CIS) is a 100% grant for registered primary co-operatives (a primary co-operative consists of five or more members). The objective of the CIS is to improve the viability and competitiveness of co-operative enterprises by lowering their cost of doing business through an incentive that supports Broad-Based Black Economic Empowerment.

Objectives

- Promote co-operatives through the provision of a matching grant;
- Improve the viability and competitiveness of co-operative enterprises by lowering the cost of doing business;
- Assist co-operatives to acquire their start up requirements;
- Build an initial asset base for emerging co-operatives to enable them to leverage other support; and
- Provide an incentive that supports broad-based black economic empowerment.

Eligible activities through the grant:

- Business development services (e.g. feasibility studies; business, manufacturing and production systems; and production efficiency and improvement, etc.)
- Technological improvements
- Machinery, equipment and tools
- Commercial vehicles
- Infrastructure linked to the project (e.g. 3-phase electricity; boreholes, etc.); and
- Working capital.

Eligible entities should:

- be incorporated and registered in South Africa in terms of the Co-operatives Act of 2005;
- be emerging co-operatives with a majority black ownership;
- have projects in any of the different economic sectors;
- adhere to co-operative principles;
- be owned by historically disadvantaged individuals (HDIs); and
- be biased towards women, youth and people with disabilities.

Incubation Support Programme (ISP)

The Department of Trade and Industry (**the dti**) initiated the Incubation Support Programme (ISP) to develop incubators and create successful enterprises with the potential to revitalize communities and strengthen local and national economies.

In continuing to strengthen economic development through broadening participation in the economy, the ISP aims to ensure that small, micro and medium enterprises (SMMEs) graduate into the mainstream economy through the support provided by the incubators. The ISP is one of the support measures to encourage partnerships in which big business assists SMMEs with skills transfer, enterprise development, supplier development and marketing opportunities.

Support Programme for Industrial Innovation (SPII)

The Support Programme for Industrial Innovation (SPII) is designed to promote technology development in South Africa's industry, through the provision of financial assistance for the development of innovative products and/or processes. SPII is focused specifically on the development phase, which begins at the conclusion of basic research and ends at the point when a pre-production prototype has been produced.

Technology and Human Resources for Industry Programme (THRIP)

THRIP is one of three industry support instruments of **the Dti** designed to enhance industry competitiveness and production capacity through the application of new technologies. The other two instruments are the Manufacturing Competitiveness Enhancement Programme and the Support Programme for Industrial Innovation.

In recognition of the fact that Technology is embedded in people, the programme has a core part of designing the training and production of Science, Engineering and Technology graduates, as well as the facilitation of flow of these graduates and of personnel between the collaborating research institutions and industry partners.

While the programme has some overlaps with other instruments that provide support along the innovation value chain, it is sufficiently unique in certain aspects and complimentary to be seen as occupying a niche.

3. SMALL ENTERPRISE DEVELOPMENT AGENCY (SEDA)

3.1 Seda current product offering

Seda is mandated to implement national government's small business strategy. The goal of Seda is to ensure that the small enterprise sector grows and increases its contribution to sustainable and equitable socio and economic development, employment and wealth creation.

They are two implementation divisions within Seda, namely the Enterprise Development Division (EDD) and the Seda Technology Programme (STP).

Seda provides business related information, consultancy, training and mentoring services in all areas of business development. The business support provided by Seda cover five key areas:

- Marketing
- Human Resources
- Operations
- Quality
- Financial Management

The extent and nature of the support is unique to each client's particular needs. Some of the service offerings are not sector specific but are accessible to SMEs in all industry sectors. A diagnostic assessment of an SMME is done to determine the areas where an entrepreneur requires assistance. For clients in the start-up (initiation) phase of their business Seda has products they call Business Talk and Business Start which involves the following:

- Entrepreneurship awareness events
- Business start-up training
- Franchise awareness
- Business planning
- Business registrations
- Cooperative development

Seda Business Build and Business Grow are products designed for business that are already in operation and provide the following support services:

- Access to local markets
- Access to export opportunities
- Access to technology
- Facilitation of access to finance
- Sector Programmes
- Business Mentoring
- Hotline to assist with late payments SMMEs

The Manufacturing Support Programme is designed to achieve the following:

- Providing high-end advisory services to existing manufacturing small and medium enterprises employing between 10 and 200 people
- Improve the productivity of targeted SMEs
- Improve the quality of both products and services of targeted SMEs.
- Improve competitiveness of selected SMEs.
- Contribute to increase in turnover.
- Contribute to export sales.
- Improve raw material supply.
- Decrease wastage.
- Contribute to an improvement in profitability.
- Improve tax contribution.
- Transfer skills to the targeted SMEs.
- Contribute to employment retention.
- Contribute to employment creation.
- Seda also provides mentorship services to SME's and is aiming to create a Mentor Database of mentors that have been vetted and capacitated to provide sufficient mentorship to SMEs.
- The Supplier Development Programme aims to develop suppliers for market access linked to specific opportunities from corporate buyers. The programme aims to improve the performance of SMEs in winning public and private sector contracts, improve growth and diversification through procurement and facilitate a localized supply chain.

3.2 Seda Technology Programme (STP)

a) Incubation

Incubators provide a sheltered and protected environment within which to support and nurture technology-based start-ups and enterprises. Technology Demonstration Centres focus on demonstrating, exhibiting and providing training in use of available technologies with respect value adding processes.

b) Technology Transfer

The Technology Transfer division provides a range of technology transfer services that enable small and micro enterprises to have access to appropriate technology, funding for technology transfer interventions, technical advice and support and business assistance.

c) Quality

This division provides services to enhance the quality and services produced by South African entrepreneurs for the local and export market through the provision of advice on standards and technical support.

3.3 Enterprise Development Division (EDD) and EDD Provincial Affairs

Seda comprises of 9 Provincial Offices and 42 Seda Branches Nationally.

a) Cooperatives and Community Public Private Partnership (CPPP) Programme

The CPPP programme aims to identify markets, resources, technical assistance and capacity-building opportunities that will enhance competitiveness and sustainability of enterprises

b) The Learning Academy (LA)

Seda courses support entrepreneurial success. The LA is a fully accredited training provider and has five day entrepreneurial courses which help business owners to learn to:

- Market their business effectively
- Understand the importance of building a reputable business profile ?? (Marketing)
- Maintain financial records and develop their business plans

The training courses cover issues pertinent to small business growth like financial management, customer care, report writing and business writing skills.

c) Programme Analysis & Development (PAD)

PAD supports the service and offerings of Seda delivery network by conducting research, analyzing, reviewing, and developing new and existing offerings including the coordination of national programmes and partnerships in order to provide Seda operations with an efficient and effective set of offerings.

4. SMALL ENTERPRISE FINANCE AGENCY (SEFA)

SEFA is a wholly owned entity of the Industrial Development Corporation (IDC). The entity was launched in April 2012 with a focus on small scale manufacturing, agro processing, services in infrastructure development, mining services, the green economy and tourism. SEFA was formed from a merger of three public organizations; Khula Enterprises, the SA Microfinance Apex Fund and the IDC's Small Business Levy Book.

Just like its predecessor Khula, SEFA's primary aim is to bridge the "funding gap" in the SME market not addressed by commercial financial institutions. Its lending comprises of four (4) components;

a) Funding for retail financial institutions (RFI)
b) Credit guarantee scheme
c) Equity capital and
d) Gearing capital for public and private sector funds targeting small enterprises in specific sectors

5. NATIONAL EMPOWERMENT FUND (NEF)

Set up in 1998 and operational in 2004, the NEF aims to fund black-owned and empower (both big and small) businesses. Between 2003 and March 31 2010, the fund made 208 disbursements of over R1.5 billion. Of these, 156 worth R457 million went to small black-owned businesses or franchisees (through the Imbewu Fund).

6. INDUSTRIAL DEVELOPMENT CORPORATION (IDC)

The Government's development finance institution was set up in 1940, and the funding of small businesses forms a large part of its mandate. The IDC falls under the Department of Economic Development. The IDC financed 159 small enterprises to the tune of R2.13 billion (from a total of R10.9 billion) in 2008/2009. This compares to 94 dispersals the year before, valued at R933 million (out of a total of R8.4 billion).

One hundred and forty two of the net approvals during 2010 (67% of the total number of approvals) were for SMEs. R2.103 million (more than 23% of the total value of approvals) was for these SMEs (companies with fewer than 200 employees, turnover less than R51 million and/or less than R55 million total assets).

7. NATIONAL YOUTH DEVELOPMENT AGENCY (NYDA)

The NYDA is a public entity which is owned and funded by government. It is responsible for initiating, facilitating,implementation, coordination and monitoring of youth development interventions aimed at reducing youth unemployment and promoting social cohesion. NYDA was formed as a result of a merger between Umsobomvu Youth Fund and the National Youth Commission. “This merger was aimed at creating a single, consolidated structure that is responsible for all aspects of youth development.”

NYDA provides funding for SMEs, loans, business consulting services and mentorships to youth involved in different enterprises. Location of the agency in different regions of the country enables easier access to the support programs offered by the agency. The agency disbursed 7500 micro loans to value of R23 million and a further R4 million in loans in the 2009/10 financial year.

8. SME PROGRAMME OVERVIEW

There is currently a large number of government funded programmes - ***Table 1: SME support programmes*** which provide either financial support or Business Development Services (BDS), or both. It was however noted that there is low uptake of both financial and BDS services. The following were cited as possible reasons for low uptake of SMME financial and BDS services:

- Lack of awareness of available BDS services,
- Time-consuming application process
- Frequent changes in conditions of loans
- High hurdles in terms of collateral or equity required by finance providers
- For SMMEs, the first obstacle is the lack of ability to develop an acceptable business plan, followed by lack of capital.

Table 1: SME support programmes

PROGRAMME CATEGORY	NUMBER OF PROGRAMMES
Key national support programmes	4
Business competitions and awards	5
Credit indemnities/guarantee	2
Exhibitions	3
Export development	2
Finance – national	9
Finance – youth	1
Finance – women	3
Finance – provincial	8
Incentives and grants	5
Incubation	22
Industry – specific programmes	5
Linkage & Partnerships	2
Mentorship	2
Networking	1
Other support programmes	3
Premises	1
Technology advice and transfer	5
Industry specific support	2
Training and technical assistance	5
Venture capital	1
Women enterprise programs	3
Total	**94**

ANNEXURE B

ARTICLES AND PAPERS

1. NEEDS, OPPORTUNITIES AND CHALLENGES OF SME'S IN THE PLASTICS AND CHEMICAL SECTOR[1]

1.1 DEFINING AN SME IN SOUTH AFRICA

In SA, a 'small business' is officially defined in Section 1 of the National Small Business Act of 1996 as amended by the National Small Business Amendment Acts of 2003 and 2004 (NSB Act) as:

"... a separate and distinct business entity, including co-operative enterprises and non-governmental organizations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub sector of the economy mentioned in Column I of the Schedule...".

Table 1: Broad Definitions of SMMEs in the Small Business Amendment Act 2003

	Micro	Very small	Small	Medium
Manufacturing	R0.2m	R5m	R12m	R51m
Wholesale trade, commercial agents and allied services	R0.2m	R6m	R32m	R64m
Finance and business services	R0.2m	R3m	R13m	R26m
Community, social and personal services	R0.2m	R1m	R6m	R13m

Notes: * - The criteria vary depending on the sector (of which the National Small Business Amendment Act of 2003 prescribes 11 different ones: Agriculture; Mining and Quarrying; Manufacturing; Electricity, Gas and Water; Construction; Retail and Motor Trade and Repair Services; Wholesale trade, commercial agents and allied services; Catering, accommodation and other trade; Transport, storage and communications; Finance and business services; Community, social and personal services).
** - The size of a business in South Africa is chiefly defined by its number of employees: Micro: 0 to 4 employees; Very small: 5 to 9 employees; Small: 10 to 49 employees; Medium: 50 to 200 employees

1.1 WHAT DO SMALL BUSINESSES THINK ABOUT PUBLIC SECTOR SUPPORT

Small business is not aware of public support

There is considerable evidence to suggest that one of the main problems associated with government programmes to support small businesses is lack of awareness about the programmes.

57% of small business in Johannesburg and 70% in the Western Cape had never heard of any support institution. (Berry et al 2002).

In a survey of 792 formal small businesses in Johannesburg the majority of businesses had never heard services offered by the DTI. (Berry et al 2002).

[1] Underhill Corporate Solutions (UCS) – for SEDA January 2013

1.2 WHY HAS GOVERNMENT SUPPORT OF SMALL BUSINESSES FAILED?

There are a number of reasons for the failure of government support to small businesses. Berry et al (2002) identifies several reasons. These include:

- Lack of awareness (outreach).
- Uneven distribution (concentration in metropolitan areas).
- The high cost of searching for support services which has not been mitigated by effective information on how and where to access support.
- Cumbersome administrative requirements of government programmes resulting in user fatigue and high levels of disappointment. (E.g. the Competitiveness Fund requires a detailed analysis of how the support will improve performance of the business. This requirement alone would no doubt exclude many businesses the government is trying to support.)

There are currently a large number of government funded programmes which provide either financial support or BDS, or both. It was however noted that there is low uptake of both financial and business development services (BDS) services. The following were cited as possible reasons for low uptake of SMME financial and BDS services:

- Lack of awareness of available BDS services,
- Time-consuming application process
- Frequent changes in conditions of loans
- High hurdles in terms of collateral or equity required by finance providers
- For SMME's, the first obstacle is the lack of ability to develop an acceptable business plan, followed by lack of capital.

1.2.1 Increase awareness of BDS and financial services for SMMEs

The study found that 84% of SMMEs were not aware of any BDS and financial services on offer. 16% of SMMEs indicated that they were aware of credit and business support organizations, 38% mentioned Seda and 5% DTI. Furthermore, the SME Survey (2004) found that 70% of the businesses surveyed felt that the Government communicates its incentives poorly.

1.2.5 1.2.2. Business support services.

40% of the SMMEs in the chemicals and plastics sector indicated that they needed finance and business support services. Of those who indicated that they needed BDS services, 19% wanted assistance on marketing and sales.

1.2.5 1.2.3. Access to finance

The third ranked single biggest obstacle was access to finance. This finding is in line with the 2011 GEM report released by the University of Cape Town's Graduate School of Business, which found that a key challenge to small business development is not a lack of available finance, but rather the knowledge on where and especially how to access it[2.]

Sourcing of capital is very important at business start-up and growth/expansion phase. More than 60% of both chemicals and plastics SMMEs indicated that the biggest challenge they faced at start-up was sourcing capital. This is however an international trend, as most funders tend to be hesitant in funding green field projects.

1.2.4 Improving the levels of SMEs managerial competence and skills

Regarding the poor level of managerial competence and skills of the small business owners, interventions should focus on providing training and courses that will improve the human resource capacities in this regard. Though currently, various training programmes are provided and support is given to various sectors of industry, including SMEs through the SETAs, awareness and uptake of these programmes has been very low.

1.2.5 Business mentorship and incubation programmes

The literature review reveals that there is a strong correlation between the age of an enterprise and its risk profile. Most businesses fail within the first three years of business. The poor sustainability of start-ups highlights the need for interventions aimed at supporting and mentoring entrepreneurs through the early stages of the business cycle.

Studies have also shown that to start and grow your own business in South Africa is challenging on all levels, and 80% of small businesses traditionally fail within the first year. However, Seda Technology Programme (STP) has ensured the opposite where 80% of businesses supported via incubation survive the first year of operation.

1.2.6 Encouraging industrial linkages or clustering

Industrial linkages otherwise known as clusters have been proven in many countries as key tools of sustainable industrial growth strategy. The cluster strategy encourages cooperation among participants in a particular industry creating a value chain for delivery of particular services or products. Cluster building in many developed countries is already an accepted tool in economic development. There is strong evidence that forming alliances, clustering and networking help SMEs to compete, grow and cooperate with large firms. By working together, firms can gain the benefits of collective efficiency, enabling them to link with larger producers and break into national and global markets.

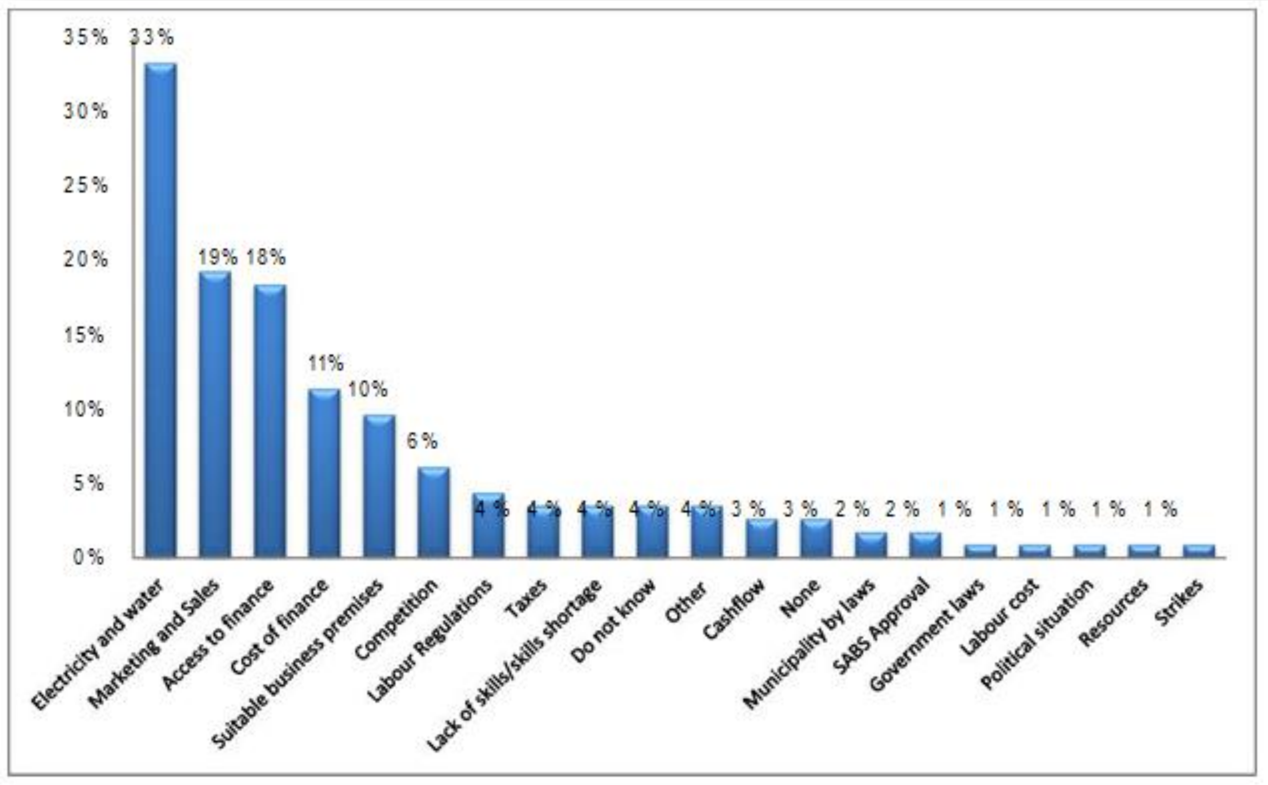
1.3 SME CHALLENGES TO BUSINESS GROWTH

The SMEs were asked to rank their single biggest obstacle to business growth, and the results are illustrated below.

1.3.1. Electricity and Water

The majority of SMEs (33%) complained of electricity and water. 51% of these SMMEs were in the plastics sector. It was strongly noted that the cost of electricity was too high for the SMMEs. Furthermore, most SMEs were not getting electricity from Eskom directly but from local municipalities. Since plastics conversion consumes high volumes of electricity any percentage increase in the price of electricity will have a bigger negative impact in the businesses' bottom line. The National Energy Regulator of South Africa (NERSA) has already approved ESKOM's annual average price increase of 16% and tariff rates for 2012/13 on 9 March 2013. This is expected to have a greater impact on manufacturing of plastics in SA, especially the SME sector.

Figure 1: The Single Biggest Obstacle to Business Growth (Chemical and Plastics Sector)



Source: UCS SME Survey (2012)

1.3.2. Marketing and sales

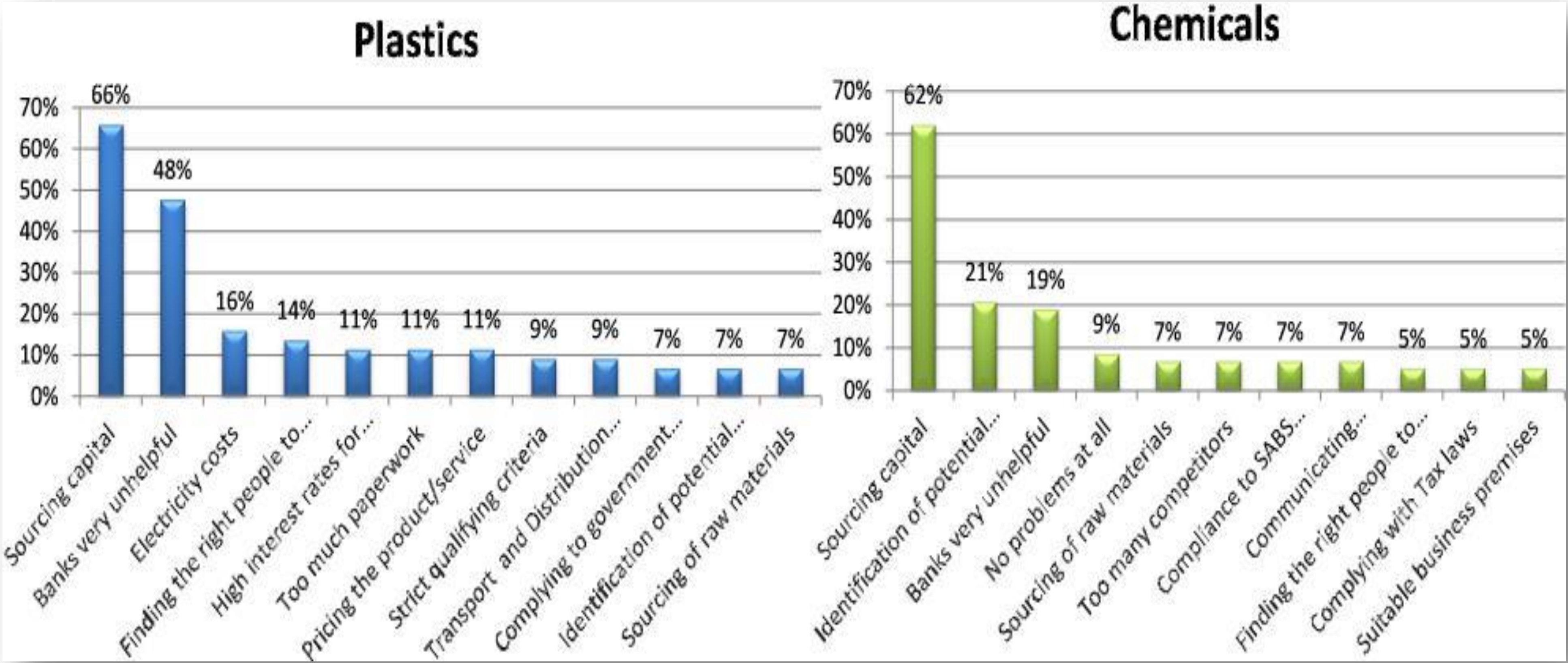
The second ranked single biggest obstacle was marketing and sales. SMEs mentioned the strong competition from Asian countries, especially China. This confirms the secondary research results which show a huge influx of Chinese imports into SA. The sector which is most vulnerable, according to the survey results is the chemicals sector. This sector is dominated by international brands and the biggest international brands have now moved their manufacturing plants to China. Some of the possible remedies suggested in this study include; (i) escalation of the buying local campaigns, (ii) tariffs and non-tariffs especially on finished products, (iii) exports promotion drive especially in SADC, BRICS and other African countries, and (iv) business support programmes with a marketing and sales focus.

1.3.3. Access to finance

The third ranked single biggest obstacle was access to finance. This was followed by an almost similar comment, cost of finance. It is important to note that access to finance was not ranked as the number one biggest obstacle. This surprise finding was confirmed in the 2011 GEM report released by the University of Cape Town's Graduate School of Business, which found that a key challenge to small business development is not a lack of available finance, but rather the knowledge on where and especially how to access it. Furthermore, a recent snap survey by enterprise development specialists Fetola (2012) showed that 93% of SMEs businesses were uncertain about where and how to access finance. *"It seems that in South Africa at least, there is not so much a problem of insufficient finance for business, but rather the inability to get one's hands on it."*

Sourcing of capital is however very important at business start-up phase. As shown on ***Figure 2*** below, more than 60% of both chemicals and plastics SMEs indicated that the biggest challenge they faced at start-up was sourcing capital. This is an international trend, as most funders tend to be hesitant in funding green field projects. Some of the start-up challenges included unhelpful banks, high electricity costs, and identification of potential clients or markets.

Figure 2: What problems did you face in starting your business?



Source: UCS SME Survey (2012)

2. RETHINKING SMALL BUSINESS SUPPORT IN SOUTH AFRICA[2]

As previously mentioned, a view held by many in small business development is that, while the national small business policy framework is generally sound, there are several weaknesses in implementation that need attention. This section of the report discusses these.

2.1 BUSINESS INCUBATION

Business incubation is an important?? of public policies and programmes to support small businesses in many countries. Starting in the late 1990s, business incubation entered the South African small business development under the auspices of the then Godisa Trust.

International literature indicates that business incubators play a critical and unique role in nurturing the development of entrepreneurial companies, helping them survive and grow during their start-up period when they are most vulnerable.

Incubation achieves this by providing client companies with business support services and resources tailored to startup and young firms. As a result, as the table below shows, incubation programmes deliver a higher level of enterprise survival and success compared to other business development support services, hence their appeal to a variety of actors in small business development.

Table 1: Survival rate of incubates compared to general enterprise survival rate

Country / region	Incubated enterprise survival rate	General enterprise survival rate
New Zealand	87% continue to operate after 2 years	69% continue to operate after 2 years
United States	85% continue to operate after 3 years	50% continue to operate after 4 years
Europe	89% continue to operate after 3 years	-
OECD	-	60% continue to operate after 3 years
Germany	90% continue to operate after 3 years	-
Brazil	80% continue to operate after 3 years	50% continue to operate after 1 year
South Africa	80% continue to operate after 3 years	-

[2] Osiba Research cc August 2011

Table 2: Key objectives for government incubation programmes

• Creating jobs in communities where they are located
• Enhancing the host community's entrepreneurial climate
• Retaining businesses in the host community
• Building or accelerating growth in a local industry
• Diversifying local economies

Table 3: Key success factors for business incubation programmes

• A thorough feasibility assessment is key to success. Business incubators that fail are those that have not done a thorough job at the feasibility stage
• There is no one-size-fits-all business incubator model. The services provided and the business model must be designed in response to local market conditions
• Ensure that management have the right skills and mentality for the job, and that there is sufficient incentive for that person to stay
• Business incubators must be set up in such a way that they can operate in a business-minded fashion, even if an academic institution or a government agency is a co-owner or the sole owner
• Business incubators must ensure that their selection criteria for incubates are in line with the core objectives of the business incubator and with local market needs, and that there is explicit agreement between all stakeholders on the core objectives

2.2 MENTORSHIP

Mentorship plays a critical role in strengthening the managerial capacity of small businesses. The country has several mentorship programmes run by institutions such as Business Partners, National Empowerment Fund, Industrial Development Corporation (IDC) and various development finance institutions.

There are also mentorship programmes run by private sector companies, with Shanduka Black Umbrellas being one example. There are two main challenges with the provision of mentorship in the country.

In general, users of mentorship face the following challenges with the available offering:

- Variation in the quality of services on offer
- Variation in the skills and competencies offered by Business Advisers
- Unreliability of service providers
- No guidelines on fees for services
- No recourse in the event of dissatisfaction with services provided
- One of the most negative effects of poor mentorship is that SMME’s have a difficult time accessing finance due to the poor quality of proposals they develop and submit to financiers with the assistance of under-qualified mentors.

To address these challenges, the Institute of Business Advisers (IBA), a voluntary membership-based industry body, has been working over the years on the grading and accreditation of its members.

Its code of conduct, to which all members have to adhere, offers a measure of assurance of quality and ethical behavior, and therefore protection to SMME clients from inferior business advice and unscrupulous practices. The IBA has also recently introduced a mandatory continuous professional development (CPD) programme for its members to ensure ongoing upgrading of member knowledge and skills.

2.3 TECHNOLOGY TRANSFER AND MANUFACTURING ADVICE

TIA’s technology stations programme (TSP), started in 2001, is playing an important role in offering technology transfer and related skills upgrading services, mainly to manufacturing SMMEs.

Technology stations are at the core of university-SMME interface, enabling SMME’s to benefit from R&D and technological expertise that lies within universities while at the same time enabling universities to use the interface to give practical training to their students.

The latter component of the technology stations programme plays an important role in developing critical technology and SMME advisory skills among students.

TIA currently operates 12[3] industry-focused technology stations based at universities around the country, as presented below - ***Table 4: Technology stations operated by TIA*** :

[3] A new station on green technologies, to be located at the university of Johannesburg, is being planned

Table 4: Technology stations operated by TIA

Station name	Host university
Agrifood Technology Station	Cape Peninsula University of Technology
Limpopo Agrifood Technology Station	University of Limpopo
Technology Station in Automotive Components	Nelson Mandela Metropolitan University
Technology Station in Chemicals	Mangosuthu University of Technology
Technology Station in Chemicals and Chemistry	Tshwane University of Technology
Technology Station in Clothing & Textiles	Cape Peninsula University of Technology
Technology Station in Downstream Chemicals	Nelson Mandela Metropolitan University
Technology Station in Electronics	Tshwane University of technology
Technology Station in Materials & Processing Technologies	Vaal University of Technology
Technology Station in Materials & Product Development	Central University of Technology
Technology Station in Metal Casting	University of Johannesburg
Technology Station in Reinforced & Molded Plastics	Durban University of Technology

ANNEXURE C

CHIETA TRAINING VOUCHER SCHEME IMPACT QUESTIONNAIRE AND ANALYSIS

1. OBJECTIVES OF THE QUESTIONNAIRE

The previous annexures have discussed what are the national schemes, successes, failures and recommendations to improve the impact on SME and Co-operative development.

In order to create a foundation for comparisons between the CHIETA Training Voucher Scheme and that of other national schemes. the SME's / Co-operatives that have interacted with the CHIETA Training Voucher Scheme, were asked to respond to the areas shown in ***DIAGRAM 1 – CHIETA TRAINING VOUCHER SCHEME IMPACT QUESTIONNAIRE.***

2. TRAINING PROVIDED THROUGH THE CHIETA TRAINING VOUCHER SCHEME[4]

Table 1 – TABLE OF TRAINING PROVIDED THROUGH THE CHIETA TRAINING VOUCHER SCHEME was provided to the SME's / Co-operatives that had interacted with the scheme.

The SME's / Co-operatives were asked to respond to each area of learning they were provided with as well as what the impact was on their company.

[4] Taken from the 2014 CHIETA SME AND CO-OPERATIVE VOUCHER DATABASE

DIAGRAM 1 – CHIETA TRAINING VOUCHER SCHEME IMPACT QUESTIONNAIRE

Company Name		Region	
Contact Person		Chamber	
Contact Details		Date Completed	
		WHAT IS YOUR COMPANIES CORE BUSINESS	

AREAS OF TRAINING AND IMPACT

1 SELECTED AREAS OF TRAINING THROUGH VOUCHER SCHEME

	TRAINING SELECTED	AMOUNT OF LEARNERS	REASON SELECTED
EXAMPLE	19	21	As our workers handle hazardous chemicals during despatch and warehousing, it is important for them to know the related Health and safety issues

2 EXPECTED IMPACT ON YOUR COMPANY BY SELECTED AREA

	TRAINING SELECTED	EXPECTED IMPACT	*(Please see 1 - 5 rating scale BELOW)*
EXAMPLE	19	Needed for our workers to understand the health and safety issues as well as the importance of wearing PPE. I believe this was not achieved to the level expected as some of our workers are illiterate and need another method of learning	2

RATING SCALE FOR **IMPACT RELATED TO QUESTION 2**

1 NO impact made on the current skills or business growth
2 LOW impact made on the current skills or business growth
3 MEDIUM impact made on the current skills or business growth
4 HIGH impact made on the current skills or business growth

3	ARE THERE ANY AREAS FOR IMPROVEMENT THAT YOU MAY WANT TO SUGGEST

4	GOVERNMENT SCHEMES			
	Against each listed scheme indicate if you have knowledge of the scheme as well as if you have actively engaged with the scheme	Knowledge of Scheme Y / N	Engaged with Scheme Y / N	Would you like to know more about the scheme with CHIETA support Y / N
Department of Trade and Industry	The Black Business Supplier Development Programme (BBSDP)			
	The Export Market and Investment Assistance (Emia)			
	The Co-operative Incentive Scheme			
	Support for Industrial Innovation (Spii)			
	Technology and Human Resources for Industry Programme (Thrip).			
	Workplace Challenge Programme			
SEDA	Technology Programme (Stp) - Incubation			
	Technology Programme (Stp) - Technology Transfer			
	Technology Programme (Stp) - QUALITY			
	Cooperatives and Community Public Private Partnership (CPPP) Programme			
	The Learning Academy			
SEFA	SMALL ENTERPRISE FINANCE AGENCY			
NEF	NATIONAL EMPOWERMENT FUND			
NYDA	NATIONAL YOUTH DEVELOPMENT AGENCY			

Table 1 – TABLE OF TRAINING PROVIDED THROUGH THE CHIETA TRAINING VOUCHER SCHEME

1	Advance Excel	26	Manage finance in a new venture
2	Assessor Training	27	Marketing Management
3	Basic Safety and Health	28	Material safety data sheets
4	Basic understanding of Quality	29	Mentor and Coaching Training
5	Business Writing Skills	30	Mentoring
6	Coaching	31	Moderator Training
7	Computer Skills	32	Motivate and build a team
8	Conduct moderation of outcomes based assessment	33	Negotiation Skills
9	Convey Dangerous Goods by road	34	Office Admin Essentials
10	Costing and Pricing	35	OHS Legislation
11	Customer Care	36	Operate a Production Process
12	Effective Meetings & Minute Taking	37	Outcomes based Assessments
13	Excel - beginner	38	Presentation skills
14	Facilitator Training	39	Product Quality Control
15	Financial Management	40	Project Management
16	First aid	41	Reception Skills & Telephone Etiquette
17	First line Managers Development	42	SHE Issues
18	Fundamentals of project management	43	SHE Management
19	General Health and Safety	44	Skills Development Facilitator
20	General Quality Principles	45	Statistical process Control
21	Hazardous Chemicals	46	Stock & Assets Control
22	HIV / AIDS in work place	47	Supervisory Development
23	interpersonal Communication Excellence	48	Team Leadership
24	Introduction to Project management	49	Telephone skills
25	Manage Business Operations	50	Work in a team

Table 2 – SUMMARY OF TRAINING PROVIDED – GROUPED BY FOCUS AREA

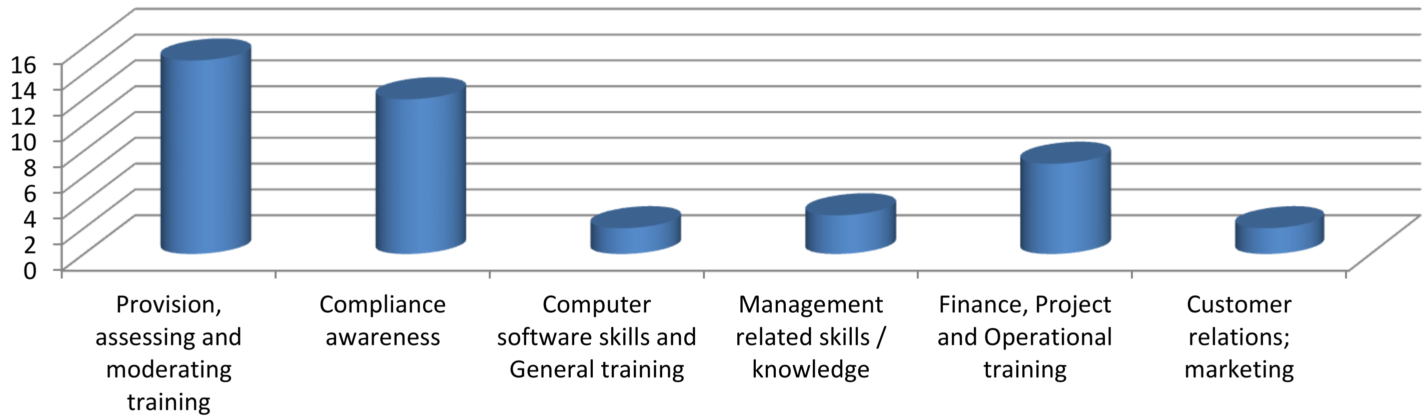
COLOUR	AREA OF TRAINING	AMOUNT DELIVERED
RED	Provision, assessing and moderating training	9
GREEN	Compliance awareness	12
BLUE	Computer software skills and General training	4
PURPLE	Management related skills / knowledge	11
ORANGE	Finance, Project and Operational training	10
BLACK	Customer relations; marketing	4

3. ANALYSIS OF RESULTS FROM QUESTIONNAIRE

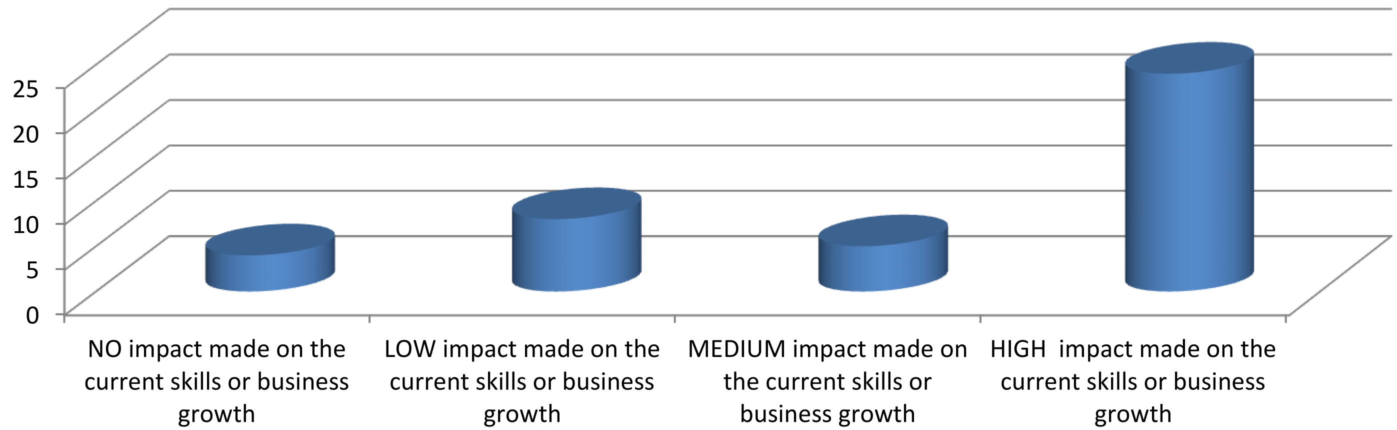
The results below are taken from the ***CHIETA TRAINING VOUCHER SCHEME IMPACT QUESTIONNAIRE***. These results were used to determine the following :

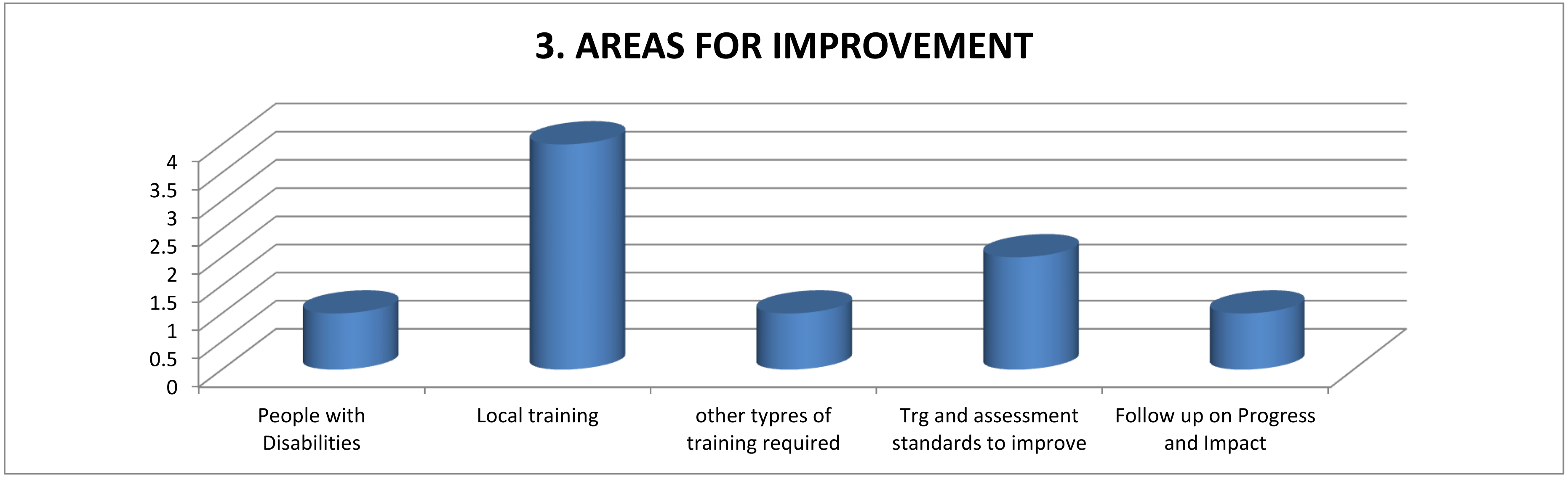
1. Selected areas of training through voucher scheme
2. What was the expected impact on your company by selected area versus the actual impact
3. Recommended area for improvement
4. Knowledge of and / or interact with current government schemes

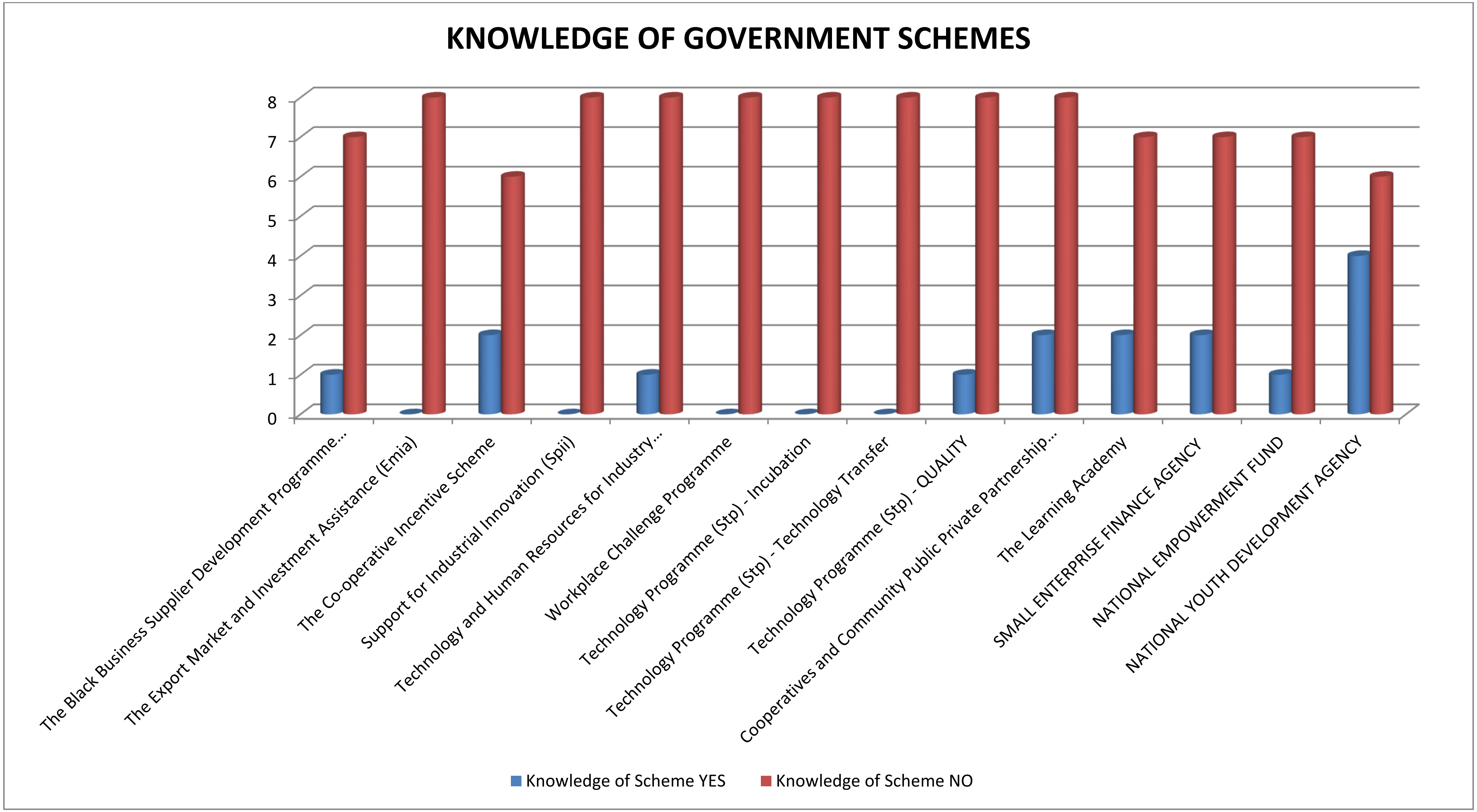
1. FOCUS AREA OF TRAINING PROVIDED



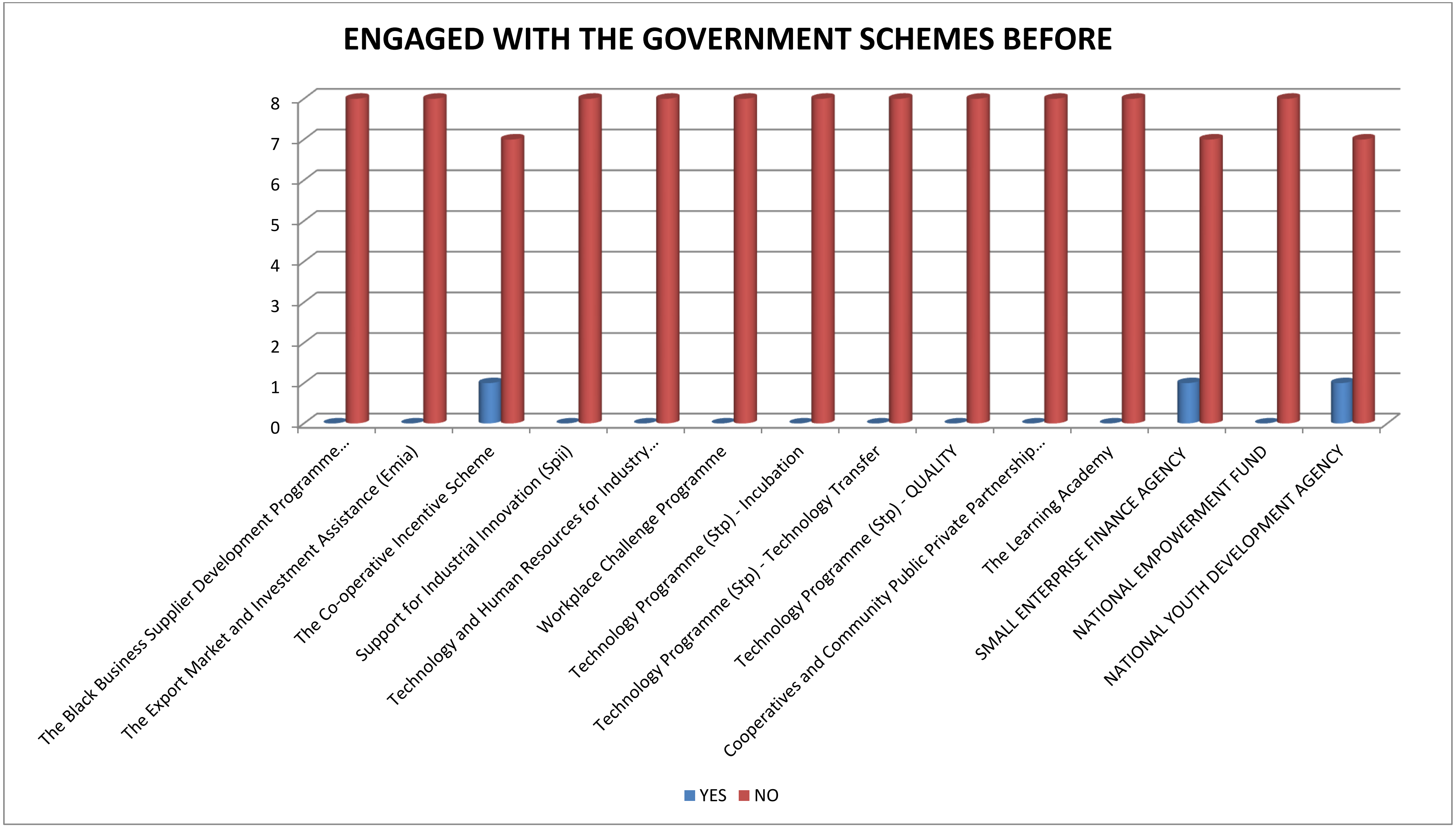
2. IMPACT ON COMPANY FROM TRAINING PROVIDED

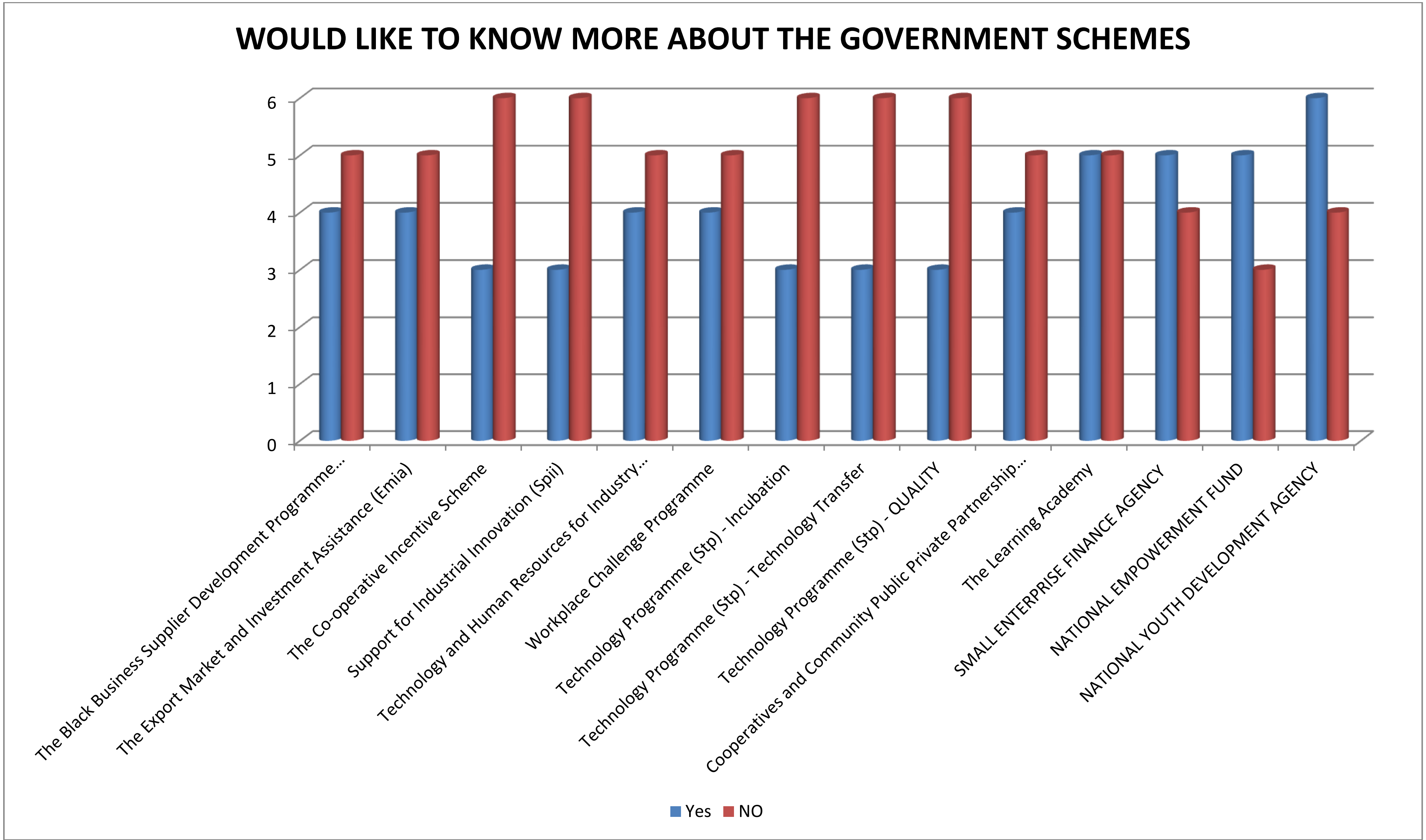



3. AREAS FOR IMPROVEMENT
4
3.5
3
2.5
2
1.5
1
0.5
0
People with Disabilities
Local training
other typres of training required
Trg and assessment standards to improve
Follow up on Progress and Impact



KNOWLEDGE OF GOVERNMENT SCHEMES
0
1
2
3
4
5
6
7
8
The Black Business Supplier Development Programme...
The Export Market and Investment Assistance (Emia)
The Co-operative Incentive Scheme
Support for Industrial Innovation (Spii)
Technology and Human Resources for Industry...
Workplace Challenge Programme
Technology Programme (Stp) - Incubation
Technology Programme (Stp) - Technology Transfer
Technology Programme (Stp) - QUALITY
Cooperatives and Community Public Private Partnership...
The Learning Academy
SMALL ENTERPRISE FINANCE AGENCY
NATIONAL EMPOWERMENT FUND
NATIONAL YOUTH DEVELOPMENT AGENCY
Knowledge of Scheme YES
Knowledge of Scheme NO


ENGAGED WITH THE GOVERNMENT SCHEMES BEFORE
8
7
6
5
4
3
2
1
0
The Black Business Supplier Development Programme...
The Export Market and Investment Assistance (Emia)
The Co-operative Incentive Scheme
Support for Industrial Innovation (Spii)
Technology and Human Resources for Industry...
Workplace Challenge Programme
Technology Programme (Stp) - Incubation
Technology Programme (Stp) - Technology Transfer
Technology Programme (Stp) - QUALITY
Cooperatives and Community Public Private Partnership...
The Learning Academy
SMALL ENTERPRISE FINANCE AGENCY
NATIONAL EMPOWERMENT FUND
NATIONAL YOUTH DEVELOPMENT AGENCY
YES
NO



WOULD LIKE TO KNOW MORE ABOUT THE GOVERNMENT SCHEMES
0
1
2
3
4
5
6
The Black Business Supplier Development Programme...
The Export Market and Investment Assistance (Emia)
The Co-operative Incentive Scheme
Support for Industrial Innovation (Spii)
Technology and Human Resources for Industry...
Workplace Challenge Programme
Technology Programme (Stp) - Incubation
Technology Programme (Stp) - Technology Transfer
Technology Programme (Stp) - QUALITY
Cooperatives and Community Public Private Partnership...
The Learning Academy
SMALL ENTERPRISE FINANCE AGENCY
NATIONAL EMPOWERMENT FUND
NATIONAL YOUTH DEVELOPMENT AGENCY
Yes
NO

4. CONCLUSION OF VOUCHER SCHEME TRAINING PROVIDED

The conclusion is drawn from two areas, namely :

1. The data drawn and analysed from the Training Voucher Scheme Impact Questionnaire.
2. The researchers interaction with the SME's / Co-operatives during the distribution, communication and completion of the Training Voucher Scheme Impact Questionnaire.

CONCLUSIONS

1. The training requested and provided is currently focusing on skills training on issues of compliance (Health & Safety, Handling of chemicals, etc) as well as the provision and assessment of training. This means that there is little focus on the development and growth of the company. (no long term focus to ensure sustainability and growth).
2. Because the focus area was around training on compliance, training, assessment, an expected high impact on the company would be expected as their outcomes would have been met as the outcomes can be measured against set objectives (example: compliance training such as Health & Safety awareness can be measured against the requirements of the Labour Act).
3. Companies that request and interact with the Voucher Scheme seem to be very re-active and focus on the development of individuals within the company. This could be a result of the sector not knowing what is available to help them grow their companies into sustainable and profitable work environments. This problem is also compounded by the Due Diligence only focusing on the company details and not evaluating what is really required. The areas of evaluation during the Due Diligence are the following:

    a. General company metadata
    b. Is it a legal entity
    c. What governance arrangements are in place
    d. What training programmes have been requested
    e. Reporting and Financial management
    f. General "walk through" of the company premises
    g. Recommendations

    No where in the Due Diligence does the issue of market share, competition, financial review, systems, defect analysis, etc. raised.
4. The other area that needs to be taken into consideration is the maturity level and infrastructure that the applicant's organization presents. During our communication with the persons requested to complete the questionnaire, we found basic business fundamentals were missing:

    a. Although the companies representative that were trained provided contact details, they were wrong or did not exist in about 50% of the cases.
    b. Some did not have access to emails (needed to fax to a local shop for them to receive the questionnaire)

c. About 10% could not convey a message in English. (the cell phone was answered by another person not listed as the owner of the number).

d. The concerning factor was the lack of response from about 30% of the persons contacted. This shows lack of business professionalism and lack of involvement with the CHIETA to help improve the schemes put in place to help organisations.

The points above show that if the Due Diligence had captured the correct needs of the company and provided a path of development for the company and not just individuals, the funds spent could have a larger and more positive impact on the needs of the sector.

ANNEXURE D

RECOMMENDATIONS

1. COMPARISONS

A comparison has been compiled against the *CHIETA Training Voucher Scheme* and the *problems*, *indicated areas of required support* and *required developments listed by SME's / Co-operatives* from the following sources :

1. Research results from the Government Initiatives (*Annexure A*)
2. Articles and Papers (*Annexure B*)
3. *Interviews with CHIETA management* involved and / or interfacing with the Voucher Scheme to determine positive and negative impacts experienced.
4. Training Voucher Scheme Impact Questionnaire (*Annexure C*)

2. LISTED AREAS OF DEVELOPMENT AND SKILLS TRANSFER

Table 1 : SME / Co-operative Development and Support Framework

Provides a description of where the CHIETA can provide a structured development and support programme to SME's and Co-operatives within the CHIETA sector. This can be achieved through agreements between the CHIETA and the respective government initiative(s).

IMPORTANT NOTE:
It is important that the CHIETA Training Voucher Scheme provides a linkage and development path for SME's / Co-operatives between CHIETA Voucher Scheme, the CHIETA SME and Co-operative development programme and national initiatives.

Table 2 : Researched SME / Co-operative Training versus CHIETA Voucher Scheme Linkage

Provides a view of where the Government initiatives are focused on against that which the *CHIETA Voucher Scheme* has been providing training and support.

The objective of the table is to provide the reader with a view of where the *CHIETA Voucher Scheme* focus should be on in order to align with national trends .

Table 1 : SME / Co-operative Development and Support Framework

GOVERNMENT SCHEME	DESCRIPTION	CAN BE LINKED TO A DEVELOPMENT PATH THAT INTERFACES WITH THE CHIETA VOUCHER SCHEME AS WELL AS THE CHIETA SME / CO-OPERATIVE DEVELOPMENT PROGRAMME
Dti The Black Business Supplier Development Programme (BBSDP)	A cost-sharing grant offered to black-owned small enterprises to assist them in improving their competitiveness and sustainability.	Yes Can be used for mentoring, development, training, etc. with funding
Dti The Export Market and Investment Assistance (Emia)	Assists businesses to attend trade fairs or to conduct trade visits by refunding a significant portion of their air fare, accommodation, transport of samples and marketing material.	Unknown Needs a bigger drive in the chemical sector to identify possible candidates
Dti The Co-operative Incentive Scheme	Provides start-up funding to co-operatives.	Yes Identified and current Co-operatives can be evaluated and then mentored through the process.
Dti Support for Industrial Innovation (Spii)	Spii funds research and development (R&D) for new innovations in manufacturing through a grant of 50% to 75%	Unknown Needs a bigger drive in the chemical sector to identify possible candidates
Dti Technology and Human Resources for Industry Programme (Thrip).	Thrip supports scientific research and aims to foster collaboration between academic institutions and industry through a cost-sharing grant offered by the department. The programme is managed by the National Research Foundation (NRF).	Unknown Needs a bigger drive in the chemical sector to identify possible candidates

GOVERNMENT SCHEME	DESCRIPTION	CAN BE LINKED TO A DEVELOPMENT PATH THAT INTERFACES WITH THE CHIETA VOUCHER SCHEME AS WELL AS THE CHIETA SME / CO-OPERATIVE DEVELOPMENT PROGRAMME
Dti Workplace Challenge Programme	Cluster-based initiative run by the Department of Trade and Industry and managed by Productivity SA, an agency of the Department of Labour. The programme aims to increase the productivity of businesses, big and small by getting them to work together in a cluster and share learnings.	Yes Those SME's and Co-operatives that have gone through a structured development programme with the CHIETA could benefit through a productivity improvement initiative.
SEDA Technology Programme (Stp)	**Incubation** Incubators provide a sheltered and protected environment within which to support and nurture technology-based start-ups and enterprises. Technology Demonstration Centres focus on demonstrating, exhibiting and providing training in use of available technologies with respect value adding processes.	Yes Identified and current Co-operatives can be evaluated and then mentored through the process with funding
SEDA Technology Programme (Stp)	**Technology Transfer** The Technology Transfer division provides a range of technology transfer services that enable small and micro enterprises to have access to appropriate technology, funding for technology transfer interventions, technical advice and support and business assistance.	Unknown Needs a bigger drive in the chemical sector to identify possible candidates

GOVERNMENT SCHEME	DESCRIPTION	CAN BE LINKED TO A DEVELOPMENT PATH THAT INTERFACES WITH THE CHIETA VOUCHER SCHEME AS WELL AS THE CHIETA SME / CO-OPERATIVE DEVELOPMENT PROGRAMME
SEDA Technology Programme (Stp)	**Quality** This division provides services to enhance the quality and services produced by South African entrepreneurs for the local and export market through the provision of advice on standards and technical support.	Yes Those SME's and Co-operatives that require a formal Quality Management System (such as ISO 9001) can be funded. This will allow the SME's and Co-operatives to get onto procurement lists, tenders, process improvement, etc.
SEDA Enterprise Development Division (EDD) and EDD Provincial Affairs	**Cooperatives and Community Public Private Partnership (CPPP) Programme** The CPPP programme aims to identify markets, resources, technical assistance and capacity-building opportunities that will enhance competitiveness and sustainability of enterprises	Unknown Needs a bigger drive in the chemical sector to identify possible candidates

GOVERNMENT SCHEME	DESCRIPTION	CAN BE LINKED TO A DEVELOPMENT PATH THAT INTERFACES WITH THE CHIETA VOUCHER SCHEME AS WELL AS THE CHIETA SME / CO-OPERATIVE DEVELOPMENT PROGRAMME
SEDA Enterprise Development Division (EDD) and EDD Provincial Affairs	**The Learning Academy** The LA is a fully accredited training provider and its five day entrepreneurial courses help business owners to learn to: • Market their business effectively • Understand the importance of building a reputable business profile as a marketing • Maintain financial records and develop their business plans The training courses cover issue pertinent to small business growth like financial management, customer care, report writing and business writing skills.	Yes Those SME's and Co-operatives that have initially engaged with the CHIETA can then be taken through and accredited learning programme with SEDA. SEDA have a focused programme for Co-operatives that takes new and existing Co-operatives through a development programme.

GOVERNMENT SCHEME	DESCRIPTION	CAN BE LINKED TO A DEVELOPMENT PATH THAT INTERFACES WITH THE CHIETA VOUCHER SCHEME AS WELL AS THE CHIETA SME / CO-OPERATIVE DEVELOPMENT PROGRAMME
SMALL ENTERPRISE FINANCE AGENCY (**SEFA**)	Just like its predecessor Khula, SEFA's primary aim is to bridge the "funding gap" in the SME market not addressed by commercial financial institutions. Its lending comprises of four (4) components; • Funding for retail financial institutions (RFI); • Credit guarantee scheme; • Equity capital; and • Gearing capital for public and private sector funds targeting small enterprises in specific sectors	Yes Needs a bigger drive in the chemical sector to identify possible candidates
NATIONAL EMPOWERMENT FUND (**NEF**)	NEF aims to fund black-owned and empower (both big and small) businesses.	Yes Needs a bigger drive in the chemical sector to identify possible candidates
NATIONAL YOUTH DEVELOPMENT AGENCY (**NYDA**)	Provides funding for SMEs, loans, business consulting services and mentorship to youth involved in different enterprises	Yes Those SME's and Co-operatives that fall into the Youth classification can enter into the scheme with mentoring and support from the CHIETA structures.

Table 2 : Researched SME / Co-operative Training versus CHIETA Voucher Scheme Linkage

FOCUS AREAS OF NATIONAL SCHEMES	GENERAL FOCUS AREA OF TRAINING / SUPPORT PROVIDED BY NATIONAL SCHEMES (NOTE THAT EACH SCHEME COULD HAVE VARIOUS FOCUS AREAS. FOR THE PURPOSE OF ANALYSIS, THE GENERAL FOCUS OF TH SCHEME IS USED)
SBD	
Unlock potential through better business environments	**Access to markets**
Promote more competitive small businesses	**SME support and development**
Promote entrepreneurship	**SME start up support and guidance**
DTI	
Assistance to improve competitiveness and sustainability	**Operational improvements, Training, support**
Improve the viability and competitiveness of co-operative enterprises	**Operational improvements**
Assist co-operatives to acquire their start up requirements	**SME support and development**
Build an initial asset base for emerging co-operatives to enable them to leverage other support	**Mentoring, support, networking**
Promote co-operatives through the provision of a matching grant	**Financing**
Develop incubators and create successful enterprises with the potential to revitalize communities and strengthen local and national economies	**Mentoring, support, networking**
SEDA	
Entrepreneurship awareness events	**Awareness and training**
Business start-up training	**SME training, support and development**
Franchise awareness	**Awareness and training**
Business planning	**Business start-up and planning**
Business registrations	**Business start-up**
Cooperative development	**SME training, support and development**
Business Mentoring	**Mentoring**
Facilitation of access to finance	**Financing**
Access to local markets and export opportunities	**Marketing**

FOCUS AREAS OF NATIONAL SCHEMES	GENERAL FOCUS AREA OF TRAINING / SUPPORT PROVIDED BY NATIONAL SCHEMES (NOTE THAT EACH SCHEME COULD HAVE VARIOUS FOCUS AREAS. FOR THE PURPOSE OF ANALYSIS, THE GENERAL FOCUS OF TH SCHEME IS USED)
Provide high-end advisory services to existing manufacturing small and medium enterprises employing	**SME support and development**
Improve the productivity of targeted SMEs	**Operational improvement**
Improve the quality of both products and services of targeted SMEs	**Systems development and implementation**
Provision of Accredited training	**Training**
NEF	
Fund black-owned and empower (both big and small) businesses	**Financing and SME support and development**
IDC	
Business analysis and funding of small businesses	**Financing and SME support and development**
NYDA	
Funding for SMEs, loans, business consulting services and mentorships to youth involved in different enterprises.	**Financing and SME support and development**

Table 3 – SUMMARY OF NATIONAL TRAINING / SUPPORT PROVIDED – GROUPED BY FOCUS AREA

COLOUR	AREA OF TRAINING / SUPPORT	SUMMARY
RED	SME / Co-op startup support	7
GREEN	Systems development and Implementation against standards	6
BLUE	Marketing and Market access	2
PURPLE	Mentoring and networking	3
ORANGE	Financing	4
BLACK	Awareness Training	3

3. RECOMMENDATIONS

From the analysis of the results, it can be seen that the focus of the CHIETA Voucher Scheme is on **"Compliance" and "Skills Training"** with no integrated learning or development path for the company or individual participating.

Looking at **Table 1** one can see that the National schemes focus is on SME development and improving productivity through training, systems development and implementation that are funded through various structures.

In going forward with the CHIETA Training Voucher Scheme, there needs to be a framework developed that evaluates the requirements (market / staff development / operational / financial requirements) of the SME / Co-operatives prior to them entering the scheme.

Diagram 1 – Proposed SME / Co-operative Interaction and Development describes the proposed approach to improving the CHIETA schemes and ensuring that the SME / Co-operatives are supported, guided and mentored through a structured programme.

Table 1– SUMMARY OF NATIONAL TRAINING / SUPPORT PROVIDED – GROUPED BY FOCUS AREA

AREA OF TRAINING / SUPPORT	SUMMARY
SME / Co-op startup support	7
Systems development and Implementation against standards	6
Marketing and Market access	2
Mentoring and networking	3
Financing	4
Awareness Training	3

Diagram 1 – Proposed SME / Co-operative Interaction and Development

APPLICANT	CHIETA	GOVERNMENT SCHEME	OBJECTIVE
	Task team to identify which government schemes will add value to the sector		Provide structured development for applying company
	Task team communicate with identified government schemes on intended working relationships	Receive communication and present the scheme(s) in more detail as well as requirements to enter the scheme	Formal MOU’s in place with clear roles and responsibilities
	Sign MOU’s with agreed schemes showing roles and responsibilities	Sign MOU with CHIETA and agree on roles and responsibilities	
	Internalise information and package sector communication plan		Awareness on the MOU’s, government schemes to be aligned with clear roles and responsibilities understood within the CHIETA
	Provide communication on the new voucher scheme approach that focuses on “developing your company through CHIETA facilitation”		Awareness on the government schemes aligned with as well as areas of development understood within the SECTOR
Submit application			
	CHIETA Due Diligence conducted with more focus on company and sector development.		Due Diligence more structured on sector and business development.

APPLICANT	CHIETA	GOVERNMENT SCHEME	OBJECTIVE
	Voucher Scheme team evaluate Due Diligence(s) tabled and propose development plan for applicant company underwritten by commitment from applying company		Measureable evaluation of applications against set criteria undertaken.
Review and sign working agreement with acknowledgement of commitment			Provides the applying company with a clear development path showing what they are responsible for and by when
	CHIETA run development plan with applying company	Provide interaction through agreed schemes	Allows for the applying companies to be placed into a project plan that has a clear measurement and evaluation framework
	Conduct ongoing Monitoring and Evaluation with focus on continual improvement	Provide feedback / assessment reports to CHIETA	

ANNEXURE E

GOVERNMENT LINKAGES

Provincial Agencies

- **Free State Province**
  Free State Development Corporation

- **Gauteng Province**
  Gauteng Enterprise Propeller [PDF]
  Gauteng Economic Development Agency

- **KwaZulu-Natal**
  Ithala Development Finance Corporation
  Trade and Investment KwaZulu-Natal

- **Limpopo Province**
  Limpopo Business Support Agency
  Limpopo Economic Development Enterprise
  Trade & Investment Limpopo

- **Mpumalanga Province**
  Mpumalanga Economic Growth Agency

- **Western Cape Province**
  Western Cape Department of Economic Development and Tourism

- **North West Province**
  Invest North West

- **Northern Cape Province**
  Northern Cape Economic Development Agency

- **Eastern Cape Province**
  Eastern Cape Development Corporation

Provincial Government

Company	Web Address
Eastern Cape Provincial Government	www.ecprov.gov.za
Gauteng Provincial Government	www.gautengonline.gov.za
KwaZulu-Natal Provincial Government	www.kwazulunatal.gov.za
Limpopo Provincial Government	www.limpopo.gov.za
Mpumalanga Provincial Government	www.mpumalanga.gov.za
Northern Cape Provincial Government	www.northern-cape.gov.za
North West Provincial Government	www.nwpg.gov.za
Western Cape Provincial Government	www.capegateway.gov.za

Provincial Investment Promotion Agencies (PIPAS)	
North West Development Corporation (NWDC)	www.nwdc.co.za
Trade & Investment Kwa-Zulu Natal (TIK)	www.tikzn.co.za
Trade & Investment Limpopo (TIL)	www.til.co.za
Eastern Cape Development Corporation (ECDC)	www.ecdc.co.za
The Western Cape Investment and Trade Promotion Agency - South Africa (WESGRO)	www.wesgro.co.za
Welcome to the Gauteng Growth and Development Agency (GGDA)	www.ggda.co.za
Mpumalanga Economic Growth Agency (Mii)	www.mega.gov.za
Free State Investment Promotion Agency (FIPA)	www.fdc.co.za

Industry Associations	
Aerospace Maritime & Defense Industries Association (AMD)	www.amd.org.za
Aluminum Federation of South Africa (AFSA)	www.afsa.org.za
Civil Engineering Contractors (SAFCEC)	www.safcec.org.za
Consulting Engineers South Africa (CESA)	www.cesa.co.za
Dairy Foundation (MPO)	www.mpo.co.za
Iron & Steel Institute (SAISI)	www.saisi.co.za
Rail Road Association (RRA)	www.rra.co.za
Stainless Steel Development Association (SASSDA)	www.sassda.co.za
South African Paint Manufacturing Association (SAPMA)	www.sapma.org.za

Export Councils	
Cosmetics Export Council (CECOSA)	www.cecosa.co.za
National Association of Automobile Manufacturers of South Africa (NAAMSA)	www.naamsa.co.za
South African Boat Builders Export Council (SABBEX)	www.sabbex.co.za
South African Capital Equipment Export Council (SACEEC)	www.saceec.com
Electrotechnical Export Council (SAEEC)	www.saeec.org.za
South African Flower Export Council (SAFEC)	www.saflower.co.za
Fresh Produce Exporters Forum/Fruit South Africa (FPEP)	fpef.co.za
International Steel Fabricators (ISF)	www.isf.co.za
Association of Steel Tube and Pipe Manufacturers of South Africa (ASTPM)	www.astpm.co.za
Wines of South Africa (WOSA)	www.wosa.co.za

Trade and Export Links	
Non-Tariff Barriers	www.tradebarriers.org/
Joint Action Groups (JAGs)	
Jewellery Council of South Africa	www.jewellerysa.com
Meat Exporters of South Africa (SAMIC)	www.samic.co.za
Chambers of Commerce and Information	
The Southern African Development Community SADC	www.sadc.int
Foundation for African Business and Consumer Services FABCOS	www.fabcos.org
The New Partnership for Africa's Development NEPAD	www.nepad.org
African Union NEDLAC	www.africa-union.org

CHIETA
CHEMICAL INDUSTRIES EDUCATION & TRAINING AUTHORITY

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