



NATIONAL YOUTH DEVELOPMENT AGENCY
OUR YOUTH. OUR FUTURE.

ATTENTION	SEFA & IDC
SUBJECT	PROGRAMME ALERT: NYDA GRANT PROGRAMME
DATE SUBMITTED	18 OCTOBER 2013
FROM	LINDA DLOVA EXECUTIVE MANAGER: COMMUNICATIONS
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Background	<p>The NYDA has shifted its core business away from Loan Finance towards Education and Skills Development. The strategic change towards Education and Skills Development is informed by the numerous studies indicating that most young people in the country actually derive their income from salaries and remittances.</p> <p>The new plan of the NYDA will therefore focus on tailor made interventions for job preparedness and placement, a focus on scholarship provision for those who excel in schools, the scaling up of the YouthBuild Programme for out-of-school youth, the increase of second chance opportunities for matriculants and the intensification of our highly successful career guidance programme. As a result 40% of the NYDA's financial resources will be redirected towards Education and Skills Development interventions for young people.</p> <p>The NYDA will continue with efforts directed at economic participation offering a range of products, programmes and services to young entrepreneurs in need, albeit as a secondary focus. The fundamental change in this area of development is the change from loan provision to grant provision for young entrepreneurs.</p> <p>The NYDA will no longer be offering loan finance to young entrepreneurs, instead grant finance in the form of micro-finance grants for survivalist youth entrepreneurship and cooperative grants for greater participation of youth in the cooperatives sector. The grant finance will start from R1 000 to a maximum of R100 000 for any individual or youth cooperative. Due to the financial constraints of the Agency just over 37 000 young entrepreneurs will be supported over the next year.</p> <p>The Grant Programme is designed to provide young entrepreneurs an opportunity to access both the financial and non-financial business development support to establish their survivalist businesses. The programme will focus on youth entrepreneurs who are at intentional,</p>
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	<p>nascent and new stages of enterprise development. The NYDA Grant Programme model is constructed on a firm business development support ethos. Business Development support is the catalyst to young people attaining knowledge and growing their survivalist business to well acclaimed enterprises. The funding is advanced as a Grant. “Grant” is a term used to define financial support advanced to grantee. To make the grant programme operational; policies, guidelines and processes must be developed to guide the effective administration of the programme.</p> <p>While not every young person who walks into one of the NYDA branches should expect to receive support as the current capacity is limited, the NYDA plans to work together with other state agencies such as the Industrial Development Corporation (IDC) and the Small Enterprise Finance Agency (Sefa) to ensure that as many young people as possible are able to access the R3 billion or so worth of loan finance that has been made available for young entrepreneurs especially small and medium enterprises</p>
<p>The Launch</p>	<p>The NYDA Grant Programme was launched on Monday, 5 August 2013 in a phased approach to ensure that all systems are in place. In phase 1, applications for the NYDA Grant Programme will only be open to the branches listed below:</p> <ul style="list-style-type: none"> • North West: Rustenburg Branch • Mpumalanga: Emalahleni Branch • Gauteng: Johannesburg Branch • KwaZulu Natal: Durban Branch <p>The next phase will kick in on 1 November 2013 resulting in the programme being rolled out to the remaining 10 branches.</p>
<p>Communication & Marketing</p>	<p>Communication and marketing of the NYDA Grant Programme has been rolled out in a phased approach so as to coincide with the launch phases at the branch level.</p> <p>The following mediums will be used throughout the launch of the NYDA Grant Programme:</p> <p>RADIO: National and Regional & Local</p> <p>PRINT MEDIA: Examples below:</p> <div data-bbox="598 1684 1305 1899" data-label="Image"> </div> <p style="text-align: center;">Strip Advert</p>



Application of the strip advert

MARKETING COLLATERAL:

- Pull-up banners
- Brochures
- Posters

DIGITAL BANNERS:

- Sowetanlive website
- IOL website
- New Age Website
- NYDA Website



Three frames of the banner (will be rotating)

OTHER:

- Prepaid Airtime Vouchers



<p>Questions and Answers</p>	<ol style="list-style-type: none"> 1. What is the difference between a grant and a loan? A grant is a once off endowment that does not have to be paid back, however a loan is an advancement of credit requiring some form of surety. 2. How much money has been allocated to the NYDA Grant Programme? R25 million has been allocated to the Grant Programme to assist both individual entrepreneurs and cooperatives during this financial year (2013/2014). However, thousands more will be able to access non-financial services. 3. How many people can expect to benefit from the NYDA Grant Programme? In total only 500 enterprises will receive grants during this financial year. These businesses will be broken up into individual ventures and cooperatives. 4. What types of non-financial business support services are offered? <ul style="list-style-type: none"> • Mentorship • The Voucher Programme • Market Linkages • Entrepreneurship Development Programme • Youth Cooperative Development Programme • And other business support services. 5. What types of grants can I apply for? <ul style="list-style-type: none"> • Individual grants will be issued to (Formal and informal businesses) who are at the promising and start-up phase of their development or development stage. • Co-operatives: which are autonomous association of persons united voluntarily to meet their common economic and social needs and aspirations through a jointly owned and democratically controlled enterprise organised and operated on cooperative principles. • Community Development Facilitation projects: the NYDA will also facilitate a process of community development through identifying projects that will be funded through NYDA funds and/or funds sourced from partners. 6. What criteria will be used for a person to get the grant? <ul style="list-style-type: none"> • Are youth (18-35 yrs.) with necessary skills, experience or; with the potential skill appropriate for the enterprise that they conduct or intend to conduct; • Are South African citizens, are resident within the borders of South Africa and members of the entity should comprise 100% South African citizen; • Requires the grant for business start-up or growth.
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- Business are operating within the borders of South Africa;
- Are involved in the day-to-day operation and management of the business;
- Must be willing to join the business on a full-time basis;
- Operate either informally or formally; generally recognised as micro enterprises (e.g. street traders, vendors, emerging enterprises);
- Have a profit motive and are commercially viable and sustainable;
- For groups they must have or be willing to form a group of minimum 5 persons;

7. What types of businesses can be assisted through the NYDA Grant Programme?

The types of businesses that will be assisted through the Grant Programme include but are not limited to; motor mechanics/panel beaters, electricians, plumbers, domestic appliance repair services, beauticians, hair dressers, cleaning companies, small scale recycling companies, street vendors, car washes and others.

8. What will I be authorised to use my grant for?

The grant can be utilised for the following:

- Working capital
- Asset finance
- Stock purchases

9. What are the terms and conditions?

All applicants are to sign the Grant Agreement. This shall detail the terms and conditions of the Grant. No disbursement shall be made until the Grant agreement is signed by all relevant parties. It is mandatory, according to law of contract that all contracting parties understand the contents of the Grant agreement before appending their signatures. The representative of the NYDA in line with the delegations policy shall sign the agreement on behalf of the NYDA.

10. Does a grant mean that I do not have to pay back the money that NYDA gives to me as an entrepreneur?

Yes, a grant does not have to be paid back however all successful applicants will be required to actively participate in NYDA development support services such as mentorship, entrepreneurship development programme, market linkages, skills programmes etc. for two years.

11. What will I not be allowed to use my grant for?

The NYDA shall not consider the following for Grant:

- Enterprises which require less than **R1, 000**;
- Is owned by NYDA staff members, Board Committee Members or Member of the Accounting Authority;

- Where a relative of a staff member applies for a Grant the said individual shall recuse himself or herself from all pre and post approval activities;
- Where the staff, immediate family of the staff at that branch is a shareholder/associate or partner of the business for which the Grant is required;
- Fall within the gambling, gaming or sex industries, and/or operates illegal activities;
- Tobacco as a primary income generator;
- Alcohol as a primary income generator;
- Are investment trusts or venture capital / private equity funds;
- Require finance to substitute an existing financier;
- Require NYDA to issue a guarantee in favour of a third party;
- Require seed capital for research and development;
- Shareholders/members are natural persons who lack contractual capacity by virtue of:
 - a. Being of unsound mind;
 - b. Have a record of fraud and/or corruption;
 - c. Where the owner/applicant is an un-rehabilitated insolvent;
 - d. Where the owner/applicant is attending school other than tertiary;
 - e. Pyramid sales schemes;
 - f. Vehicles in general (however where the vehicle is entirely for business use the application will be considered on merit).

12. What is the Grant approval process and how long is the lead time?

The applicant shall be assisted to complete both the business plan and grant application form by the Grant Officer. The Grant officer shall ensure that all required supporting documentation are in place before the application is passed to the Branch Manager, who will review the file for compliance prior to submission to the Branch Grant Approval Committee (BGAC). All documentation submitted by the applicant should be certified original copies. Bank statements should be issued by the bank and not internet print-outs. Lead time for any young person to receive a response whether favourable or not is **21 days**.

13. Can I get a new grant if every time I start a new business venture?

No. Any former Grant beneficiaries will not be considered for an additional Grant, instead they will be referred to IDC and Sefa for a loan.

14. If I have already applied for a microloan, what now?

All existing loans will be transferred to the IDC and Sefa. The NYDA has signed an MOU with these institutions who have an allocated budget of R3 billion over the next 5 year to support entrepreneurs through loan finance. The NYDA will further

	<p>assist youth entrepreneurs with business development support.</p> <p>15. If I have an existing loan that was issued before the change in the strategic direction of NYDA, will the loan be converted to a grant?</p> <p>No. The terms and conditions on which the loan finance was issued still apply, you are therefore required to repay your loan as per those conditions.</p> <p>16. NYDA is already struggling to reach the whole of South Africa’s youth, will these changes not make things even harder and thus draw criticism for the organisation?</p> <p>The NYDA is refocusing its core offering so as not to duplicate efforts of other government departments and institutions. As the NYDA we cannot create false hope and illusions that we can assist every young person. We are simply stating that we wish to have maximum impact with the limited budget that we do have.</p>
<p>For more information</p>	<p>Please contact the following:</p> <ul style="list-style-type: none"> • Branch near you (details accessible on www.nyda.gov.za) • Toll free number: 0800 52 52 52 • Website: www.nyda.gov.za/grantprogramme • Follow us on Twitter or Facebook