

Improving Access to Business Services

Umsobomvu Voucher Experience

M4P conference – March 2007



UMSOBOMVU
YOUTH FUND
ESTABLISHED 2001

UNLEASHING THE POTENTIAL OF YOUTH

- ❑ Introduction to Umsobomvu Youth Fund
- ❑ Overview of the Business Consultancy Services (voucher)
- ❑ Lessons and Challenges

Outline



UNLEASHING THE POTENTIAL OF YOUTH

- ❑ Youth, defined as South Africans between the ages **18 and 35 years**, represents 31,7% of the total SA population

- ❑ There were an estimated **14,15 million youth** in South Africa in 2001

- ❑ Of these, **40,6% were unemployed**; 31,9% were employed and 27,5% were economically inactive

- ❑ In terms of **educational achievement**, 1,7% had no schooling; 5,9% had some primary education; 3,0% had completed primary education; 38,1% had some secondary education; 35,7 had completed secondary education; 15,2% had completed higher education.

Sources: Labour Force Survey September 2004 and Census 2001

Context



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UYF'S PURPOSE

To enable the implementation of effective youth development programmes and mainstreaming youth development for youth to have sustainable livelihoods

UYF'S VISION

To enhance the active participation of South Africa's youth in the mainstream of the economy

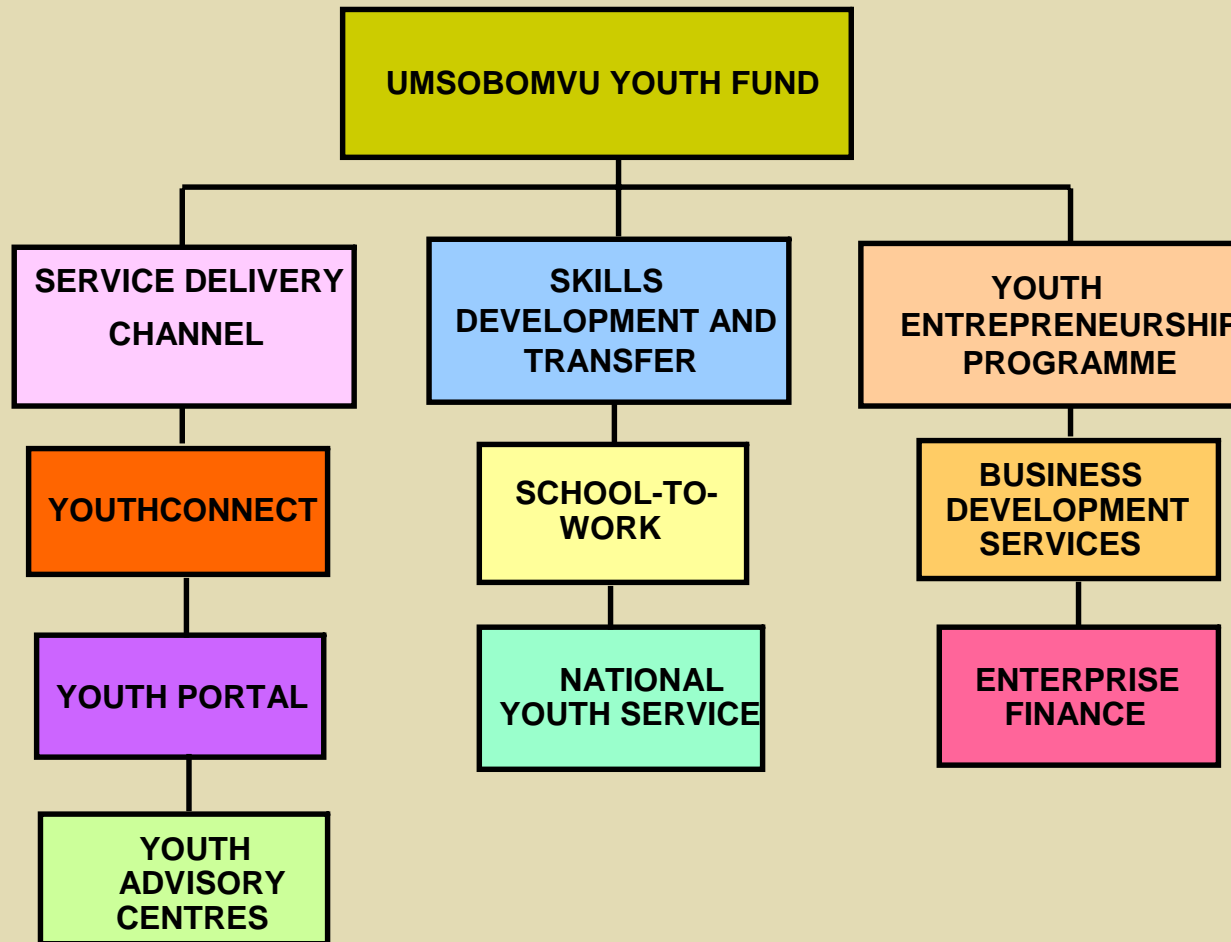
UYF'S MISSION

To facilitate and promote the creation of jobs and skills development for South Africa's young people

What
is UYF?



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UYF Programmes



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Context of the SMME sector

- ***On the supply side:***

- Lack of performance benchmarks to measure service providers;
- No entry requirements (even organisations with social welfare approach could offer business BCS);
- Lack of incentives for BCS providers to develop new product ranges.
- Needs assessments do not fully capture what will work for which SMME's nor anticipate changes in the market
- Each SMME may want different combination of BCS

- ***On the demand side:***

- Clients reluctant to pay for services whose quality was questionable
- High attrition rates experienced as interventions were driven by service provider needs not by clients' needs



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Objectives of the voucher

- ❑ To create a **conductive environment** for youth entrepreneurs (aged 18-35) and women, 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
- ❑ To **support service providers** to continuously **develop innovative and demand driven** products through **capacity building**.



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Voucher Role Players

Umsobomvu

- Design and develop systems and processes for the BCS Voucher
- Carry out BCS Needs Analysis
- Procure and train AAs and SPs
- Publicise and promote the BCS
- Service monitoring, evaluation and support
- Quality Assurance and Compliance

Allocating Agent (AA)

- Project Management
- Local marketing of voucher service to clients
- Assist clients in identifying and selecting the BCS and preferred SPs
- Monitor SP interventions and clients progress
- Voucher redemption

Service Providers

- Market their BCS to clients
- Render contracted BCS to clients
- Submit intervention report/documentation to AAs
- Submit invoice and endorsed voucher for redemption
- Follow up and tracking of clients

Clients

- Complete voucher application form
- Identify BCS required and select preferred SP
- Pay contribution R200.00 into SP account
- Attend the approved intervention
- Endorse voucher on completion of intervention
- Feedback to AA on service quality



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Performance from 2003 to 2006

Indicator	Actual
Vouchers Issued	16,258
Value of Vouchers issued	R 111,370,000
Jobs Created	19,162
New Business Created	5,824
Loans Accessed	R 140,940,521
Tenders & Business Opportunities Accessed	R 127, 852,650

Implemented through 10 Allocating Agents; 240 service providers and a product portfolio of 42 services ranging from R 700 – R 18,000



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Lessons & Challenges

- ❑ The Voucher Service has given the entrepreneurs **buying power** – armed with vouchers entrepreneurs can choose **what services they want**, at the time of their choice and SP of their choice.
- ❑ The voucher mechanism has encouraged a **supply response** from a broad range of service providers (private and non-profit orgs), to the **demand** expressed by clients including those who were not previously serving the youth market
- ❑ SMMEs are **willing to pay** for information and support that provides direct benefits/product improvement
- ❑ Close monitoring of **consumption trends** per product and per region is critical for continuous innovation
- ❑ **Access** to peri-urban and rural areas is limited due to **high costs** related to servicing these areas both for clients and SPs
- ❑ Service Providers can succeed if they **closely monitor their performance** in order to ensure that clients are satisfied



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Lessons & Challenges

- ❑ **Opportunity vs Necessity entrepreneurs** which in turn affects the overall impact.
- ❑ Need for **integrated service delivery**. New products like mentorship and market linkages that add value to BCS interventions
- ❑ **Operational Efficiency** – Infrastructure and capacity at service provider level and support provided from Umsobomvu level
- ❑ **Decentralisation** from head office is vital for further expansion and reach
- ❑ There has been **entry** of organisations providing the same services to **different target group** e.g City of Cape Town and SEDA have similar intervention for over 35yrs



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For more information:

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