**QUESTION FOR WRITTEN REPLY**

**NATIONAL ASSEMBLY**

**“315. Mr C D Matsepe (DA) to ask the Minister of Small Business Development:**

**(1) With reference to her reply to question 1123 on 4 October 2016, (a) what progress has been made with the 2015-16 intake of the National Gazelles Programme in terms of (i) growth, (ii) turnover, (iii) profit, (iv) employees and (v) achievement of targets agreed with the participating companies and (b) what is the drop-out rate from the specified programme due to business failure;**

**(2) what are the (a) names and (b) business profiles of each company identified for the 2016-17 intake of the specified programme?”**

**NW334E**

**REPLY:**

1. The Gazelles programme approved 200 enterprises to be supported. Out of this number 40 of the enterprises were selected as the premier enterprise to be put under the acceleration strategies and the remaining 160 enterprises are integrated into the Small Enterprise Development Agency (seda) network support system.

**TOP 40**

1. Progress from the National Gazelles Programme
2. The Top 40 cohort is showing average growth in turnover of 11% month on month.
3. Refer to (i) above.
4. Profitability fluctuates between 16% and 43% month on month. The reason for the huge fluctuation in profitability is mainly attributed to companies in the construction sector (short term contracts are more profitable than long term contracts).
5. Staff levels have increased by 4% over the 9 months to December 2016.
6. Points (i), (iii) and (iv) reflects the achievements.
7. Drop-out rate from the programme
8. No business failure to date. One company was sold during the reporting period.

**60 GROUP**

1. Progress from the National Gazelles Programme

A survey was conducted on the 160 group and the results are as follows:

1. 71 % of business increased their performance by 15%.
2. 43 % of businesses improved their cashflow by 15%. The turnover for the 160 gazelles is not measured yet since their programme exit is April 2017. Once the exit process is concluded the measure for impact on these variables including employees will be done.
3. As a result of the 71 % increase in performance by businesses, this resulted in R51m increase in combined business value.
4. Refer to (ii) above.
5. 65% of businesses increased their growth potential by 15%.

It should be noted that it is difficult to measure the effectiveness of high growth programmes over a short period of time. The experience from both the Organisation for Economic Co-operation and Development (OECD) and Developing Countries, shows that these programmes are measured over a 3 -5 year period. The first Gazelles Grants were paid in December 2016 and the impact of these grants hasn’t been felt yet by the entities.

(b) Drop-out rate from the programme

(i) No business failure to date.

1. The names and business profiles of the Top 40 and the 160 Group are attached as Annexure A and B respectively.