

## **Assessment Task**

### **Support for SMMEs (Group activity) (LO4 AS5)**

Read the information below on the achievements of the Industrial Development Corporation and answer the questions that follow.

#### **IDC and BEE**

Balanced, sustainable economic growth can only be achieved through the participation of all of a country's citizens. We fully support the Government's BEE policies and increased focus on broad-based, value-creating empowerment and have incorporated them into all our activities. Emerging entrepreneurs have a key role to play in the development of the economy. We have adjusted the way we work in order to give these new business people the extra support they need to establish businesses that are sustainable in the long term.

As a South African organisation we:

- support Government projects at local, provincial and national levels
- proactively encourage our clients to comply with our BEE policies
- seek communication with identified BEE stakeholders
- maintain links with BEE activities
- encourage the private sector to co-finance BEE transactions.

As a development finance institution we view BEE in the broadest possible context. When considering funding applications, we assess each project's ability to meet some or all of the following requirements:

- Job creation
- Rural development
- Urban renewal
- Poverty alleviation
- The empowerment of women
- Skills development
- Education
- Access to finance for the purpose of creating wealth

Through our recent financing activities, 23 211 new job opportunities have been created, SA export earnings have increased by R5,7 million, and we are currently preparing to launch a R10 billion fund to finance BEE business opportunities.

#### **Our approach**

We give priority to projects which promise broad-based outcomes and/or which benefit the community as a whole.

To date our empowerment funding has included projects within the following sectors:

- Manufacturing
- Agriculture
- Agro processing
- Chemicals and related products
- Wood, paper and printing
- Transport, storage and communications

(Source: [www.idc.co.za](http://www.idc.co.za))

a) How has the IDC contributed to growth in the economy by assisting entrepreneurs? [2 marks]

b) The IDC believes in the principle of equality. Prove this with one sentence from the source.

[1 mark]

c) What would be the reasons for wanting the applicants for funds to comply with the seven criteria mentioned? (Give one reason for each.) [7 marks]

Choose your reasons from the following:

To create a better quality of life for previously disadvantaged persons.

To reduce unemployment and grow the economy.

To prevent the degradation of our cities; to make them more attractive for investors.

To reduce rural underdevelopment; to bring opportunities to rural areas; to fight urbanisation.  
To train and develop the skills of people in order to increase productivity in the economy and to have a skilled workforce.  
To enable people to create wealth and improve their living standards.  
To improve the living conditions of the poor by giving them opportunities.  
To bring about an educated population that can contribute to the economy and make informed choices.

[Total: 10 marks]