



AFRICAN REGIONAL MINISTERIAL MEETING

ADDIS ABABA, ETHIOPIA

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PANEL DISCUSSION QUESTIONS BY MASALE GODFREY SELEMATSELA

SESSION I: STRENGTHENING THE ENABLING ENVIRONMENT FOR SUCCESSFUL SME DEVELOPMENT

1. WHAT POLICIES SHOULD GOVERNMENTS PUT IN PLACE TO PROMOTE ENTREPRENEURSHIP AND AN ENVIRONMENT CONDUCIVE TO THE ESTABLISHMENT AND GROWTH OF SMES?

- Government can firstly provide skills programmes for those interested in starting their own businesses. This is vital if these new businesses were to succeed.
- Also, as mentioned in my other comments, it is important to provide technical guidance to funding sources, and provide easier access to credit in general, so that fresh entrepreneurs can have enough money to start their ventures.
- Government must furthermore ensure that there are no unnecessary “red tape” or bureaucratic hurdles that place administrative burdens on new entrepreneurs when they set up and run their enterprises.
- Lastly, it is important to note that new enterprises only flourish in environments that have fair competition, where new entrants are also granted access to the market.

2. WHAT ROLES CAN SOCIAL PARTNERS, THE PRIVATE SECTOR AND CIVIL SOCIETY BEST PLAY TO CONTRIBUTE TO SME CREATION?

Again, I will be drawing from the South African model to answer this question, however I believe that the commitments agreed to by the South African Social Partners comprising of Organised Business, Organised Labour and Government under the auspicious of our country's New Growth Path (NGP) is an

excellent example of collaborative success. As previously mentioned in my presentation the Social Partners have signed four Social Accords thus far namely:

- National Skills Development Accord
- Basic Education and Partnerships Accord
- Local Procurement Accord
- Green Economy Accord

In brief, the National Skills and Basic Education Accords attempt to address access to quality school education and skills development throughout primary, secondary and tertiary levels. If a country's education and skills levels are good this ensures that SMME's will have access to labour with the necessary skills as well as being globally competitive. The Local Procurement Accord is also very important for SMME development as the Social Partners have committed, amongst other things, to strive to attain 75% localisation in the procurement of goods and services, both by the public sector and by the private sector. Local procurement is imperative in creating a support base for SMME that will in turn create more jobs and industrialised growth. In conclusion the Green Economy deals with the important issue of greening a country's economy and provides guidance and support to SMME's that wish to create 'green jobs' and switch to 'green technologies'.

3. WHAT CAN BE DONE TO INCREASE ACCESS TO FINANCING, INCLUDING SOURCES SUCH AS RISK CAPITAL, FOR INNOVATIVE AND POTENTIALLY HIGH-GROWTH SMES IN THE REGION?

- Increased transparency and access to information, both from the side of the SMME and that of the financial institution, in that it would assist SMMEs in identifying financial institutions and financial institutions in doing realistic risk assessments of SMMEs;
- Entrepreneurial skills programmes specifically for unemployed persons,
- Government must assist in securing "soft loans" for upcoming entrepreneurs along with technical assistance;
- A country must be able to boast a wide range of financial institutions that can provide credit to small businesses, within a regulatory framework that stimulates fair competition;
- It is important to consider the option of broadening the use of venture capital, rather than debt, to establish SMME's.

4. HOW CAN SMES BE INTEGRATED MORE SUCCESSFULLY INTO LOCAL AND EXTERNAL (REGIONAL AND GLOBAL) VALUE CHAINS AND NETWORKS?

I believe that this question has been dealt with under Question 2, and the Social Partner's collective commitment to local procurement of goods and services. This type of commitment not only strengthens

local industry but encourages competition and creates an conducive economic environment for SMME's to grow.