



# SSACI NEWS

The newsletter of the Swiss-South African Co-operation Initiative

No. 5

July 2002

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This newsletter aims to keep SSACI's partners informed about what the Initiative is doing, and why.

It seeks to give sponsors and project implementers a better understanding of one another's perspectives.

It highlights issues in the fields of education, training and skills development that effect SSACI's work.

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## Facing the Future with Courage

*Young people from Alexandra participate in a self-discovery exercise  
(See article on YEN on page 2)*



## What is the State of Entrepreneurship in South Africa?

Napoleon once described Britain as "a nation of shopkeepers". He meant it scathingly, but today most countries desire such a reputation since economists increasingly view entrepreneurship as an indicator of economic health. How is South Africa doing in this regard?

One measure of the state of entrepreneurship is "enterprise density" – i.e., the number of entrepreneurs per 100 inhabitants. With about 1,6-million self-employed people out of a total population of 43 million, South Africa's overall enterprise density is 3,7%. This is on a par with most developed countries but is somewhat lower than many developing countries, especially in South East Asia.

A more sophisticated measure of entrepreneurship is that used by the Global Entrepreneurship Monitor (GEM), which distinguishes between "start-ups"

(businesses that have paid wages or salaries for less than three months) and "new firms" (those that have paid wages or salaries for three months to three years). In GEM's 2001 survey, South Africa was ranked 14<sup>th</sup> out of 29 countries in terms of total entrepreneurial activity but only 25<sup>th</sup> in terms of new firms, the lowest of any of the developing countries surveyed. The GEM researchers found that fewer than a third of start-up businesses in South Africa pay wages or salaries for more than three months, which indicates a very high incidence of business failure in South Africa.

Each year, 700'000 new businesses are registered in South Africa., over 70% of them in Gauteng and Western Cape, and 71% of them in the trade and business services sectors. South Africa's formal economy therefore seems increasingly to resemble that of a developed country.

## Focus on a Project: The Youth Empowerment Network

“Facing the Future With Courage” is the name given by the Youth Empowerment Network’s training programme for youth-at-risk. It sums up both the aim and the spirit of a project that is currently receiving funding from SSACI. Established in Alexandra township in 1998, YEN has progressively developed an experiential training programme aimed at helping young people to take control of their own lives and futures.

The need for such a programme is widely recognised. For example, research conducted in 1996-7 by the Community Agency for Social Enquiry indicated that, of approximately 11 million South Africans between the ages of 16 and 30:

- 5% could be categorised as “extremely marginalised” in society (e.g. presently in prison or involved in criminal activities)
- 27% were “marginalised” (e.g. presently unemployed, having little education and little likelihood of acquiring a job or any other legal source of income)
- 43% were “at risk” of becoming marginalised (e.g. presently at school but likely to leave school early and therefore likely to remain unemployed)
- only 25% were “fine” (a condition defined as being presently employed or in an education programme likely to be completed, able to generate an income, able to relate to society in a healthy manner and having a positive self-image).

The causes of this grim scenario are not merely economic. One of the more insidious legacies of apartheid has been a deep-rooted sense of personal powerlessness that became second nature to many people who suffered decades of political and social oppression. David Licknaitzky, an experienced youth worker and founder of YEN, believes that young people were, and still are, especially susceptible to this negative, self-defeating mindset as a result of repeated disheartening experiences in a poor public education system, poverty, exposure to high levels of violence (social, domestic, criminal and political), lack of opportunities (particularly for employment) and widespread disruption in family and community life.

To address this situation, Licknaitzky believes that a new “liberation struggle” needs to be waged. Youths need to be empowered with a belief in themselves, a sense of direction, resilience to deal creatively with the stresses and strains of everyday life and the ability to be assertive without being aggressive. This is what YEN’s nine-week, full-time training programme, “Facing the Future With Courage”, aims to do.

SSACI is currently funding six YEN courses, to be run between September 2001 and July 2002, for a total of 150 youths from Alexandra, inner-city Johannesburg and Kathorus on the East Rand.

The activity-driven programme deals with such topics as:

- Teamwork and co-operation
- Dealing with emotions
- Relationships and diversity
- HIV/AIDS
- Taking responsibility
- Building confidence
- Finding a job
- Starting your own business

Participants are encouraged to manage their own learning process, and to develop their capacity for independent thinking, creativity and extending their limits. The emphasis is not so much on what is a problem or a deficit in one’s psychological make-up, but on finding and using one’s full potential. Mornings on the course are mainly devoted to experiential activities that develop critical interpersonal and intrapersonal skills. Afternoons include a range of outings and cultural activities designed to expose participants to new ideas and experiences through which they may discover previously-unrealised talents within themselves, and develop new avenues for self-expression.

As with all SSACI-funded projects, “Facing the Future With Courage” is being independently evaluated. Psychometric tests conducted on participants before and after the nine-week programme have established that it has a significant, positive affects the trainees’ attitudes towards themselves and others and imparts a sense of agency – that is, a belief in one’s ability to be master of one’s own destiny. According to the interim evaluation report: “There was a total improvement in the group’s scores between the pre- and the post-test [on the BarOn Emotional Quotient Inventory]... The post-test score falls in the high scoring category and indicates a well-developed emotional and social capacity. Therefore, this shows that the programme was successful. Participants improved overall in an array of non-cognitive abilities, competencies and skills that enhance their ability to succeed in coping with environmental demands and pressures”. The evaluator concluded that “Overall, it can be seen that the programme has had a positive effect on the lives of the participants”.

The next phase of the evaluation will involve tracking a sample of course participants to see how well they bring their newly-developed skills to bear on the task of realising their personal goals, such as finding a job, starting a business, enrolling in and completing further education courses, undertaiking community projects and so on. Judging from progress to date, they certainly seem to have taken to heart an old Chinese proverb that forms part of the YEN credo:

**“Better to light a candle than to curse the darkness”.**

## What Support is Available for SMMEs?

With so much hope being placed in small, medium and micro-enterprises (SMMEs) as an engine for economic growth and job creation, national and provincial governments have put considerable resources into support structures and programmes for them. Programmes funded and operated at national level include:

- **Manufacturing Advisory Centres (MACs):** Piloted in Eastern Cape and KZN during 2000-2, these centres support micro and very small businesses (employing 1-20 people) in the manufacturing sector with advice in such aspects as: accessing finance, developing quality assurance systems, improving productivity, managing human resources and marketing. The plan is to have at least one centre in every province by 2005.
- **Incentive Schemes:** The Department of Trade and Industry (DTI) operates numerous incentive schemes for SMMEs, including:
  - Short-term export finance guarantees
  - Export Marketing and Investment Assistance
  - Venture Capital Scheme
  - Standard Credit Guarantee Scheme
  - Standard Leased Factory Building Scheme
  - Low Interest Rate Empowerment Scheme

Many of these schemes focus on a particular sector of the economy in order to foster growth where there is most potential. Information about these and other DTI schemes can be obtained from the DTI, Khula Enterprise Finance Ltd or the Industrial Development Corporation. (IDC).

- **Local Economic Development Programmes:** Funded by DTI but operated through local and provincial governments, this initiative aims at integrating urban and rural development to promote economic growth. Finance and business advice is provided to new enterprises, especially in the agricultural, forestry, mining and tourism sectors. Particular emphasis is placed on developing business opportunities “upstream” and “downstream” from existing, large-scale mining and manufacturing operations, and on enterprises that involve partnerships between the public and private sectors.
- **Small and Medium Enterprise Development Programme (SMEDP):** Another DTI initiative, this scheme targets small industries in the manufacturing, tourism, IT, biotechnology and

business services sectors. Businesses that began production or operation after 1 September 2000 are eligible to apply for a financial package that includes:

- An investment grant payable for the first two years on certain, specified assets
- An additional grant in the third year of operation if value-added remuneration to the workforce increases by 30% or more
- A foreign investment grant of up to US\$150'000 per project for approved machinery and equipment
- **Emerging Contractor Development Programme:** Operated by the Department of Public Works (DPW), this programme aims at developing the managerial skills of small contractors in the construction sector. It includes a targeted procurement component, in terms of which DPW links emerging contractors on its database to suitable construction projects and helps them access credit and loan finance.
- **IDC Finance:** The Industrial Development Corporation offers emerging SMMEs a variety of financial products, including:
  - Equity investments, where the IDC will take a minority shareholding (20-30%) in ventures which have high development impact or profit potential.
  - Wholesale finance to intermediaries for on-lending to SMMEs that have secured contracts from government departments
- **Information Networks:** A number of web-based information systems are now in operation, including the DTI-funded Business Referral and Information network (BRAIN), which provides useful business information along with links to 35 Local Business Centres..

In addition to these national programmes, all nine provinces operate business-support centres and offer various financial incentives to small enterprises, often focusing upon sectors that are deemed to be particularly important to the provincial economy. Most government departments at all levels have a declared policy of encouraging emerging SMMEs through targeted procurement.

A good starting point for any SMME in search of support is the website of the Ntsika Enterprise Promotion Agency ([www.ntsika.org.za](http://www.ntsika.org.za)), which has numerous links to other SMME-related sites.

## A Summary of Current SSACI-Funded Projects

<b>Beneficiary</b>	<b>Description of Project</b>	<b>Grant</b>
ABC Ulwazi Community Radio Project	Business and technical skills training by a mixture of contact-sessions and distance-education in tourism- and hospitality-related enterprises for 120 young entrepreneurs in 12 selected localities around the country	R 800'000 over 2 years, 2001-2
Amsai Primary School	Construction of an IT centre for use by this community school and adult basic education centre in Orange Farm informal settlement, Gauteng.	R 2'400'000 over 3 years, 2001-3
Association for the Physically Disabled	FET-level technical skills training (in welding or catering) and post-training mentorship in setting up micro-enterprises for 25 youths (able and disabled) in Soweto, Gauteng	R 438'000 over 15 months, 2001-2
Bahloki Unemployment Association	Technical skills training (in the manufacture of wire-mesh fences and floor-polish, and small-scale poultry farming) and post-training mentorship in setting up micro-enterprises for 100 youths from rural Mpumalanga.	R 400'000 over one year, mid 2001-2
Borakenelo Trust	Vocational training in welding, carpentry or dress-making for 60 youths from the rural Delpoortshoop area of the Northern Cape, and post-training mentorship in setting up micro-enterprises	R554'000 over one year, mid 2002-3
Business Skills and Development Centre	FET-level training in office and business skills, and post-training mentorship in finding jobs or setting up micro-enterprises, for 70 youths from the greater Cape Town area.	R 700'000 over one year, late 2001-2
Conquest for Life	Training in electrical repair, upholstery repair or detergent production for 100 youths in Westbury and Coronationville, Gauteng, and post-training mentorship in finding jobs or setting up micro-enterprises	R900'000 over 2 years, 2002-3
Forest Town Foundation School	Refurbishment and equipping of a skills training centre for senior learners at Forest Town School for handicapped learners, Johannesburg.	R 350'000 over one year, mid 2001-2
Friends of Mosvold Hospital Trust	Tertiary-level training in medical sciences for 30 students from rural KwaZulu-Natal, who will thereafter be employed at Mosvold Hospital, Ingwavuma, or its satellite clinics.	R 847'000 over two years, 2002-3
Furntrain	FET-level technical skills training in carpentry and cabinet-making, and post-training mentorship in finding jobs or setting up micro-enterprises, for 150 youths from North West Province.	R 1'215'000 over two years, 2001-2
Midrand EcoCity Trust	FET and tertiary-level training for 10 youths from Tembisa/Ivory Park as eco-tour guides and assistance in setting up tourism agency to coincide with WSSD.	R 450'000 over one year, 2002
National Peace Accord Trust	FET and tertiary-level training for 30 formerly-militarised youths in 4 provinces as wilderness tour guides.	R 930'000 over two years, 2001-2

Outward Bound Trust	Life skills, entrepreneurial skills and literacy training for 60 "street youths" from Durban and the East Rand	R 215'400 over one year, mid 2001-2
Rural Education Access Project	Tertiary-level training and in-service learnerships in the fields of mechanical and electrical engineering for 50 youths from the rural Western Cape, and post-training support in finding	R 656'000 over 3 years, 2002-4
Siyavuka Lateral Improvement Foundation	Technical skills training in the production of ceramics for 30 youths from Soweto, and assistance in setting up commercial production units.	R 366'400 over 18 months, 2001-2
School Leavers' Opportunity Training	Training and on-the-job learnerships in the hospitality industry for 60 youths from rural Western Cape and KZN, and post-training assistance in finding jobs.	R554'000 over 18 months, 2002-3
Skills Training for Employment Centre	Training in general office administration skills for 60 youths from the greater Cape Town metropole, and post-training assistance in finding jobs.	R 580'000 over 18 months, 2002-3
Youth Empowerment Network	Life-skills training for 150 youths from Alexandra, inner-city Johannesburg and Kathorus, Gauteng	R 462'000 over 12 months, mid 2001-2
<b>Total Value of Current Grants</b>		<b>R 12'827'800</b>

### WORLD SUMMIT NEWS

Radio programmes produced by ABC-Ulwazi, a SSACI-funded project, are included in the Worldspace satellite broadcasting schedule, which is run continuously before, during and after the main summit.

#### **In the next edition of SSACI NEWS...**

- Focus on a Project: abc-Ulwazi
- Lessons from SDC's experience of promoting vocational training projects around the world
- What is SSACI doing about HIV/AIDS?

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