



# SSACI *News*

Newsletter of the Swiss-South African Co-operation Initiative (SSACI)

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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-holders a better understanding of one another's perspectives.

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

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"Masibambisane"  
*Let's work together*

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Sponsors and Board members at the launch function

**Seated L-R** Tersia Attewell [Swiss Re], Ken Duncan [SSACI], Ruth Mompoti [SSACI Chairperson], HE Victor Christen [Swiss Ambassador], Nthabiseng Dube [ABB]

**Standing L-R** Andrea Bull [Swiss International Airlines], Busisiwe Mashiane [Hilti], Ingo Frerichs [Credit Suisse], Glen Poole [Ciba], Terry Hime [Schindler], Andy Walti [Clariant], Richard Chenevard [SDC], Monwabisi Vika [Klipstone Transport], Sammy Reddy [Holcim]

On 5 April 2005, the Swiss-South African Co-operation Initiative (SSACI) launched its second phase of training and development activities for South African youths. By March 2010, SSACI's sponsors will have spent a total of over R90'000'000 on skills training and job creation for South African youths.

In a keynote address at the launch function, Swiss Ambassador Viktor Christen said that Switzerland could play a valuable role in helping South Africa develop the skills of its people in order to grow its economy. For example, the "learnership" system introduced into SA in 2000 as part of a National Skills Development Strategy was derived from the Swiss and German "dual-system" of vocational training. Ambassador Christen added that Switzerland now wished to put more of its experience in skills training at South Africa's disposal.

SSACI's record since 2001 is a proud one, including:

- 3'448 youths enrolled for skills training
- a 92% pass rate
- 85% of graduates placed in skilled

employment

- 311 viable new enterprises created
- 241 existing youth-owned businesses given advice to help grow their turnover and profitability
- 840 entirely new jobs created
- several new nationally-accredited skills training courses developed

In the second phase of activities (2006-9), SSACI intends to:

- Achieve greater systemic impact through co-operation with public programmes & structures such as the National Skills Fund, JIPSA, SETAs and FET colleges
- Pilot new models of on-site, demand-driven development services to small and micro-enterprises
- Thereby, train and place at least another 2'000 youths in skilled employment, start up 200 viable new enterprises and create at least 800 new jobs

SSACI will thus continue to open up new pathways to employment for young South Africans with the support of its sponsors.

SSACI is sponsored by: SDC, ABB, Bühler, Ciba, Clariant, Credit Suisse, Hilti, Holcim, Nestlé, Novartis, Schindler, Swiss International Airlines, Swiss Re





# Hatching new entrepreneurs

A major finding of the 2003 Global Entrepreneurship Monitor (GEM) report for South Africa was that “small enterprises face serious financial management capacity weaknesses.” It argued, that there was therefore “merit in programmes which deliver effective support too these enterprises. Such support could include targeted training and experienced mentoring and should be delivered by private service providers with proven capacity and experience.”

SSACI has long insisted that new enterprises emerging from its training projects be mentored for at least six months and ideally longer. One youth-run enterprise that has benefited from this support is Iqela Ceramic Design cc in Johannesburg. After completing SSACI-funded training in the design and manufacture of ceramic artworks in 2004, a group of graduates decided to start their own business. Iqela Ceramic Design, as they called it, was able to secure premises and equipment for a year at a nominal rate in the Newtown arts precinct in Johannesburg. SSACI engaged the services of the Visual Arts and Crafts Association (VACA) to provide business development support and mentoring, and the members of Iqela have progressively developed their business into a commercially sustainable operation.



Iqela members being mentored by Kate Chisholm of VACA

Nevertheless, fledgling business like Iqela needs lots of help, particularly in South Africa where the levels of entrepreneurial activity and skill are low. The 2004 GEM report noted that SA’s Total Entrepreneurial Activity Index was at 5,4 % compared to the 21% in other developing countries included in the survey. The survey also found that that just under 30% of new South

African entrepreneurs had any start-up skills when they launched their businesses. This is about half the percentage found in other developing countries. It may help to explain why research conducted by the Ntsika Business Development Agency in 2002 indicated that 60% of all start-up businesses in SA fail within three years

Iqela has been undergoing a form of business incubation, which is a facility designed to assist businesses become profitable during their start-up phase. Incubators typically share services, facilities or equipment in order to reduce costs, increase convenience and operate within a supportive environment until they are ready to set out on their own. Incubation for an individual business normally lasts from one to three years. International research shows that business incubators can increase the success rate of start-ups by over 80%.

Mentoring is an essential component of business incubation. A strong advocate of mentoring for young entrepreneurs, Julia Henderson of the Canadian Youth Business foundation, believes that mentorship can go a long way to providing inexperienced young entrepreneurs with a range of different kinds of expertise at different stages of their business. In the CYB programme, the success rate of businesses started by young entrepreneurs climbed to from 40% to 75% after mentoring had been introduced.

SSACI insists that all its projects provide post-training support. Incubation and mentoring are two forms that this support can take. Other strategies are:

- **Clustering:** When a group of entrepreneurs work in the same locality and share ideas, information and experience. Their proximity also helps them to attract more customers and source cheaper common services by buying in bulk together.
- **Networking:** When entrepreneurs whose activities are connected (though their localities may be separate) informally share information and co-operate to promote common interests.
- **Business linkages:** Formal connections between enterprises that form part of their value-chains or serve to promote their core business.

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# *Mushrooming enterprises in Mpumalanga*

In a village called Mananga, at the base of the Lebombo Mountains, Aaron Mabuza, tends to his oyster mushrooms in his newly built mushroom house. As part of his marketing strategy Aaron did not sell his first crop, instead he distributed packets of mushrooms to his community for free. The mushrooms were a resounding success and spurred him on to lay the foundations for another mushroom house. The new crop has already been sown and after harvesting, will be sold at R4.00 per bag.

Unlike many young people who migrate to the urban areas to seek work, Aaron believes he has the necessary determination to succeed as an entrepreneur in this remote area of Mpumalanga.

A visit to Aaron's mushroom-house is part of a local tour conducted by another youth-run enterprise in the area which is also the result of training provided by the Themba-lethu-Thuthuka Uplands project.

This project was a joint venture between the Thembaletu Youth in Action Group, Uplands School in White River and the Institute of Social Ecology [ISE]. The project is ideally located in the scenic Nkomazi area of Mpumalanga, close to the Kruger National Park and on a tourist route.

The project began with the management team developing its own leadership and mentoring skills by attending workshops to ensure that the project was going to be professionally managed and that viable businesses would result.

The aim of the project was to train young people in productive businesses based on the utilization of local natural resources and other related ventures.

A number of apiaries and mushroom houses have been established. Both ventures are relatively complex and require specific equipment and time to set up. Participants are enthusiastic and confident that they will go into production within the next few months.

Training for the arts and crafts group was diverse and ranged from beadwork to fabric painting. At present their products are undergoing a quality control check. Soon these fortunate participants will be able showcase and sell their products in the newly built curio shop on Thembaletu's premises.

The tourism group has already identified interesting sites in the area. They will work with the bird guides in the Mananga area where tourists will be taken on hikes in the Lebombo Mountains.

The sole participant in the performing arts venture has trained fifteen young people in the Nkomazi area to dance for tourists and other events



Aaron Mabuza and his mushroom crop

In addition to the core skills training, the youth received environmental management and education training from Dr Lynn Hurry head of ISE, and essential business and life skills training. The ventures are now in various stages of development and the participants are being supported through an intensive mentorship programme

Project Manager Kim Ramm has to deal with the challenges that such a diverse project brings. Firstly, there is the desperation of young people seeking employment. Secondly, keeping the participants motivated to remain in the project is another hurdle, as youth are impatient and desire immediate material gratification. When this is not forthcoming they lose their enthusiasm and drop out. However Kim can draw strength from Sam Masonto, a bird-guide trainee, who says he is willing to be patient because he understands that businesses take time to establish.

The TTU project has worked within the holistic training requirements expected by SSACI. Its success in a rural community provides valuable information for further such interventions. More importantly, it provides hope, inspiration, guidance and role models for young people. It shows that economic success in Nkomazi is possible with the right skills and attitude.



# Alumni Gallery



*Nadia Esterhuizen, who is partially-sighted, was trained by Athlone School for the Blind Association to become a call-centre operator. She is one of the top salespeople at Insights Call Centre which is based at the school. Nadia has obtained provincial colours for athletics and gymnastics.*

*Themba Sithole (in striped shirt), a Dynamic Business Start-up Project graduate who owns his own hair salon in Mamelodi, inspects the work of one of his employees. Themba's clientele has grown since he implemented some of the principles learnt on the DBSP course*



*Frans Nxumalo was awarded a Mosvold Trust Scholarship, funded by SSACI, to study optometry. He is among the first-ever students to graduate from the impoverished community of Ingwavuma in Kwa-Zulu Natal. He renders his services not only to Mosvold Hospital, but also to a number of other hospitals as he is the only optometrist in the district*

*Ainsley Buffel is an Entrepreneurship Development Practitioner (EDP) in Kroonstad giving business advice to the owner of Matlakala's African Dressmaker. Ainsley was among five young people who were trained by Jala Peo Trust, a SSACI-funded project, to not only support emerging businesses but also to help young people start new enterprises*

