

SUMMARY OF THE NOVEMBER 2010 SME ACCESS TO FINANCE SUBMISSIONS

NAME	COMMENTS	RECOMMENDATIONS
Eastern Cape Youth Development Board	Request to attend and present at hearings	
	SME success is hindered by a lack of information on procedures and tender processes and having to compete with large and established corporations for tenders	Government should give guidance to SMEs on the tendering processes
TF&B media cc South African Constitutional Property Rights Foundation	Growth is stifled if taxes are levied on property, capital, employment and trade	Introduce land rent regime which will bring down costs on property, capital, employment and trade
		Distribute Basic Income Grant to all citizens equally in order to help pay for SME's hire purchase instalment
Andrew Jordaan	Banks refuse to accept guarantees from government. They do not support SMMEs. The Banks are paying lipservice to the plight of the communities and cannot be developmental because they are governed by bureaucrats.	Government should create a structure, a ministry for SMMEs, start a business bank. There must be mentoring, monitoring and support for SMMEs.
Ekasi Youth Development Projects	The organisation applied for funding from the NEF. It took NEF about eight months to respond. They lost the application form and Ekasi Youth lost out on a business opportunity to the amount of R252000 due to NEF negligence. There is poor leadership and nepotism in these organisations.	Review tendering processes because they are currently not creating jobs. Appoint business owners to look at business plans, not politicians. Parliament should develop a policy that bans politicians from being involved in tenders or from getting funds from SOEs. Close down NEF, KHULA, SAMAF, GEP and SEDA and create a finance unit that will have the capacity to serve small businesses.

Baloyi BridgeFin Consulting	SMEs have a high failure rate due to a lack of access to finance and unacceptable investment risk. The commercial banking sector has "no appetite for SMEs. SMEs lack adequate equity capital and collateral. Banks do not provide equity which is more appropriate for early stage businesses. Banks are hostile towards early stage businesses. DFIs seem to be structured in more or less the same way as banks e.g they require the same threshold of own capital contributions and collateral as commercial banks. DFIs are inefficient and ineffective because of poor coordination.	SMEs need venture capital funds.
LTK DPFO	We need more money to run our business Lack or insufficient funding is one of the key obstacles to the growth and development of the members' business	
Makungu Hlongwane	Opportunities present themselves but I am unable to take advantage of them due to the fact that I am young. NYDA provides a maximum of R5 million and they cannot cater for one who wants to be part of bigger projects e.g mining and solar parks	
021 930 0452 (no name)	SMEs have a challenge of financing business ventures. Red tape attached to obtaining finances can lead to a loss of business	Sometimes it is more valuable to offer skills guidance and an opportunity to network and provide SMEs with working capital rather than start up finance.
Africa Empowered	Wished to share findings of a survey on whether or not BEE is working	
P.N. Zono	There is a lack of knowledge, skills in staff dealing with the process starting from business planning to funding. Self interest and or nepotism delays the process	
Mlungisi Trevor Mbatha	It is extremely hard to start a business due to a lack of funding.	

Precious N F Msibi	Msibi's business had financial difficulties and was rejected by the IDC and the banks when she approached them for help	Establish a rehabilitation centre for business people.
Dr Rob Smorfitt	There is no evidence based on empirical research showing that there is a problem in the area of access to finance	
General secretary of SA women in cooperatives.	Access to finance has been a challenge especially to women entrepreneurs. Funding institutions require business plans and information such as product knowledge, competition, markets and research. Women in cooperatives are not equipped to obtain that kind of information. Many women in cooperative are not literate enough to meet the standards of these financial institutions. The women may not have the skills necessary to manage the accessed funds. Sometimes the money is managed by a male figure who takes advantage of the woman and abuses the funds. Rural women do not have access to information and the technologies used to access these funds	"nothing about us, without us" - involve people in cooperatives when making decision about them. Empower people with the required skills. Develop a monitoring and evaluation tool to ensure growth and sustainability. Use people who have been involved in cooperatives and living in those areas to provide financial services to cooperatives.
Johann Larney	Link regional integration to SME finance. Regional integration is an international best practise for for job creation and economic growth. Develop the Rhodesfield Gautrain Station which can create 62, 600 permanent jobs and R20,8 bn. Aerotropolis can fast track poverty relief and SME growth. Incentivise Agro-input retailers to increase their footprint in rural nodes.	Establish an Economic Development Zone (EDZ) at the O.R.Tambo International Airport

Faud Abrahams

More support needs to be given to small businesses as they can kick start the economy on job creation quicker and faster than corporate business. Some members may have the technical skills but lack the knowledge for managing financial matters.

Aggressive marketing is required to focus on small business development and less red tape when these businesses need assistance to register or seek advice. Mentorship can raise individual performance, teach SMEs to set realistic goals and draw up business plans

GoalSeekers

Banks assess risk based on traditional lending criteria i.e. track record of servicing and repaying debt; and on collateral which SMEs do not possess. SMEs suffer from, poor or non-existent business planning, business risk assessment, financial reporting, financial controls, business performance measurement. They suffer from a lack of financial or business acumen, financial budgeting, inability to identify financial aberrations early on and quantitative remedial action is unknown.

There is no quick fix. Commitment to educating business owners about generally acceptable business conduct. Set up Business Assessment Centres (BAC) on a public /private partnership basis. BAC accreditation would be issued after a successful assessment and would be subject to quarterly reviews. Failure to submit a quarterly review would lead to immediate suspension of bank accounts. There would be an agreed panel of mentors, coaches and or rescue practitioners. BAC would have to be run by individuals with a proven commitment to upholding the agreed accreditation criteria.

Dr Vijay Bahadur

Obtaining funding from the NEF and IDC is a waste of time. They assist their friends and run their own funding organisations to selective people. Both the IDC and NEF want an unencumbered contribution.

No name provided

The level of regulation in this country inhibits the entrepreneurial fervor of would be business people. The state encourages entrepreneurship on the one hand and chokes it on the other. SARS is hopeless at administering Small Business Tax. Cipro is tightening its grip by closing down businesses that do not pay an annual renewal fee backdated for years sometimes. There is a lack of leadership with regard to business development at, NYDA, SEDA and provincial agencies. NYDA has not been visible in sourcing expertise which could provide information to small black businesses. Systems and procedure can also be used to hijack ideas, build empires and exclude proven expertise

South African Chamber of
Commerce and Industry
(SACCI)

Access to finance is critical for the development of SMEs. The challenge is that there is a lack of comprehensive business skills to manage SMEs in a competitive environment. There is a lack of diverse business education, experience and peer support to sustain the interest of financiers. The market for financing micro enterprises is almost non-existent. There is a lack of awareness of the role of DFI and support agencies among SMEs. Approaching DFIs is perceived as daunting and their processes too challenging. The cost of initiating micro loans are high. There is a lack of specialised skills in financial institution to support SMEs.

Align incentives for SME financing with other policy objectives e.g youth employment initiatives. A national SME database which is regarded as useful for promoting SME business opportunities and facilitating interaction between DFIs and SMEs. DFIs should be more flexible in allocating small amounts of seed capital. DFIs must develop and offer working capital funding more readily to SMEs and pursue more innovative financing such as Invoice Discounting especially where government is a client. Accelerate initiatives to make DFIs more accessible. Create conditions conducive to venture capital development, perhaps use tax initiative and breaks to encourage risk taking. Use partnerships with CIPRO and SARS more effectively for financing and regulatory support initiatives. Consider sectoral solutions rather than a one size fits all approach. Do not create a culture of dependency but one that makes businesses viable and self-sustaining.

Enablis

A holistic approach combining peer to peer support, technical assistance and funding only to member entrepreneurs, both financial and developmental results have been successful.

Business Unity South Africa

Lindokuhle Ngobe

. SA has three spheres of government that are fragmented in their approach and co-operation. Government funds too often do not reach those intended and entrepreneurs are subjected to bureaucratic processes when seeking help. Financial support must be accompanied by business support. Training and market access are also a stumbling block to SME growth.

There is a need to support institutions that work closely with the bodies that are closer to SMEs who understand SMEs better. There must be strategies put in place to improve turnaround time for application and other business processes. Develop a training programme that will capacitate SMEs to improve their access to finance by reviewing small business finance products and concerns in lending to small businesses and the assessment of clients credit worthiness.

Ntshongolanga Management Services

Nobody is interested in funding our business because we do not have security finance. The majority of applicants do not meet the DFIs' requirements. There is no or limited communication about the DFIs

Establish an equity fund that is geared towards funding support service structures. The qualifying entity must run and employ at least three full time employees, must have been in operation for at least 6 months and have long term contracts in place. The projected annual turnover should be less than R2m per annum. The application process should be no longer than 90 days. By the end of the programme the enterprise must have creates atleast 3 permanent opportunities. Government and the private sector need to form stronger Public Private Partnerships. Government needs to play an active role in negotiating with the financial institutions on facilitating access to capital. DFIs need to be educated and encouraged to fund green initiatives.

Nomonde Mapetla,
Mthembeni Mkhize, Septi
Bukula

Visited Taiwan and Malaysia. In Taiwan SMEs make up 97.63% of all registered enterprises. They employ 77% of the total workforce and contribute 17% to annual export value. In Malaysia SMEs make up 99.2% of all enterprises. IN 2005, SMEs contributed around 32% to GDP.

Lesson learnt : SMEs obtain funding mainly from government. There is a strong commitment to be the best service providers to SMEs. There is a strong focus on institutional sustainability and emphasis on quick turnaround. Financial Institutions place strong emphasis on credit risk management, close monitoring of client default data and ease of access by SMEs through an extensive network of branches. SMEs are provided with integrated support to mitigate lending risk. Taiwan focuses on research and development as important to understanding the needs of SMEs. Importance is placed on ongoing communication with SMEs. Adequacy of staff resources, staff knowledge and ongoing training feature prominently in SME Banks. . Credit guarantee schemes focus strongly on networking and learning.

Traction Specialists in SMME development strategy and programmes

3 Key areas requiring attention in SMME finance are: the institutional architecture - there is little or no structured interagency referrals, tracking and aftercare. There is inadequate capitalisation. Reduce the risk

There needs to be one small business centre in each town or city where all small business operators can access all relevant financial and non-financial services instead of the current incoherent matrix of branches and presence. Public sector institutions need to explore more innovative methods of ensuring that candidates are properly diagnosed assessed and trained to ensure sound SMME management. Conduct a business plan competition aimed at people with business ideas and seeking working capital.

Mobicom	In 2006, 34,7% of potential retail was channelled through informal retail outlets such as spazasmall order services and vending machines,wholesalers and agricultural and manufacturing outlets, e-commerce and e-retailing	Any incubation process of SMEs should focus on entrepreneurial stimulation and development, human caputal development through training and mentoring. Support skilled Development experts to negotiate responsible investment strategies for qualifying SMEs
SAPPI	The following hamper the successful management of plantations transferred to communities; plantation forestry is a long term industry requires substantial financial resources which could be available at the right time especially when plantations have to be insured during fire seasons. Grant funding is not always sufficient to cover all operational costs. There are also restrictions which make it impossible to manage plantation projects. It is extremely difficult to access grant funding. Communities often have no structures, processes, and or financial controls to manage funds and this has led to wastage and mismanagement in the past.Banks are reluctant to finance the projects due to the financial risk involved. High capital costs are a major entry barrier for SMEs.	
Thapelo Mokoena	The company manufactures chemicals and we have secured contracts with Pick n Pay, Boxer Superstores and many more. We approached all funding institutions DFI, IDC SAMF with no success	
K.P. Molieleng	Molieleng has been funding her own business. Attempt made to access temporary relief or permanent funds were unsuccessful. The business closed down. Molieleng needs help in order to access funds for her business	

Lucky Tunis Kubheka	Kubheka struggled to get finance in order to start a maize milling cooperative and later a taxi business without success. He wants to know who and when must finance be accessed
Dikeledi Moopeloa Thabang Moropa	Moopeloa wants to own an SME. Proposal for conducting an SMME Supplier Development Summit
Mfundo Thango	There is so much red tape around created around the institutions that are meant to be of service to the SME sector
Mnini Rebecca Khambule Trading Fikayo Gongqa	Needs help Would like to do a presentation on his business
Rizahn Hendricks	has a business idea that will save Khula 20% in management fees.