

Seda claims to be on track in development

Hlonela Lupuwana

STEPHEN Timm's Trade and Industrial Policy Strategies (Tips) Report, presented to small enterprise development role players on March 25, is a welcome contribution to the debate in our country. The report provides useful information on the state of small enterprise development in South Africa, India and Brazil. However, it is let down by an inappropriate comparison of policy implementation, between South Africa and Brazil.

A chapter of the report focuses on the Small Enterprise Development Agency (Seda) and enumerates lessons that Seda can learn from SEBRAE, Brazil's small enterprise development agency. The drawback with Timm's analysis is that it does not compare policy with policy in both countries. Comparing policy implementation without first comparing the policies does not provide a complete view of the matter.

Timm asserts that Seda pales in comparison to SEBRAE in delivering small enterprise development services and suggests that, to improve its effectiveness, Seda should implement some of his recommendations. However, many of these are either already being explored or implemented.

Seda recognised five years ago, in the first collaboration with SEBRAE, that there were lessons to be learnt from this institution. They had been in the business for more than 30 years when Seda was formed in December 2004. Seda's approach to engagements with SEBRAE cannot be about transferring programmes as they are but to take a holistic view of what they've done, identify what could work for South African conditions and adapt it because policies differ.

The policy question around the level of funding is another drawback in the comparison. SEBRAE's massive fund base plays a role in making them a more effective organisation. Limited financial resources are a developmental phenomenon affecting both ourselves and the small enterprises we support. Limited funds is why we struggle to attract high calibre and experienced practitioners into our organisation and are unable to make use of more costly television and radio, to increase our market reach.

Contrary to his assertion of lack of partner involvement with small enterprise development, over the past few years we have formed many useful partnerships, especially at provincial level, that



Hlonela Lupuwana, the CEO of Seda Picture: SUPPLIED

have had a significant impact on how we deliver our services to small enterprises. In this financial year, our partners committed more than R9m to Seda. We have also entered into a number of co-location agreements as a way of extending our reach beyond our network of 42 branches. We have further introduced mobile units as well as Seda Information Kiosks, hosted by our partners, to provide some of our services and improve brand awareness in communities where we have no branches.

With regards to Timm's rec-

ommendation to train up private-sector consultants and use more of them, we have adapted a SEBRAE methodology to train service providers. This will create an understanding of our mandate, improving their knowledge of our offerings and methodology so that they deliver them professionally.

Our drive to improve internal capacity cannot be interpreted as an intention to stop using service providers. The up-skilling of our business advisors not only helps improve the quality of service rendered to small enterprises, it helps us address the issue of limited resources by making us less reliant on service providers. We have been impressed by SEBRAE's implementation of sector specific training of their business advisors and we're putting together a programme to help capacitate business advisors in priority sectors of agriculture, information communication technology, tourism and manufacturing through our Services Seta-accredited Learning Academy.

Timm suggests that we shift our focus to 'sophisticated clients'. Seda's 80% focus on small enterprises is a directive from government, we do not determine policy but implement it. The quality of education offered to the majority of our people in the past has

been poor, a social phenomenon that will take many years to correct. It is therefore unrealistic to expect poorly educated citizens to start and run 'sophisticated' businesses.

This lack of education contributes to the poor rate of entrepreneurship. This manifests itself in the number of people who come to our branches and who we are able to convert into clients - this rate currently stands at under 50%. Would it then be justified to ignore the 80% - the 'unsophisticated' businesses whom we provide business training and skills development for?

Our learning engagements with SEBRAE are not one way, we are helping them to improve the way they handle walk-in clients to their service centres as they recognise our processes are more efficient. They are also interested in our diagnostic tools and want to adapt them for use in order to provide a uniform assessment of their clients. Brazil and India are keen to study our Public Sector SMME Payment Assistance Hotline model which has facilitated more than R200m worth of outstanding payments for small enterprises from the government since 2009.

As Seda, we are on track with the government's mandate. *Lupuwana is CEO of Seda*