Japan International Cooperation Agency (JICA)

The Needs Assessment Study on Policy and Institutional Reforms for SME Development in African Region (SME Business Environment Survey)

Final Report

March 2005

UFJ Institute Ltd.

Abbreviations

ADF	Association Dentaire Francaise
AGI	Association of Ghana Industries
BDS	Business Development Service
BEE	Black Economic Empowerment
BET	Board of External Trade
BOI	Bank of Industry
BUDS	Business Uganda Development Services
BUSA	Business Unit South Africa
CCI	Chamber of Commerce and Industry
CEO	Chief Executive Officer
CTI	Confederation of Tanzania Industries
CIDA	Canada International Development Agency
DANIDA	Danish International Development Agency
DFID	UK Department for International Development
FABCOS	Foundation for Africa Business and Customer Services
GTZ	Gesellschaft für Technische Zusammenarbeit
IMF	International Monetary Fund
IPP	Independent Power Producer
KYU	Kyambogo University
MAN	Manufacturing Association of Nigeria
MIS	Management Information System
MTAC	Management Training and Advisory Centre
MU	Makerere University
MUBS	Makerere University Business School
NASSI	Nigeria Association of Small Scale Industries
NBSSI	National Board of Small Scale Industries
NGO	Non-Governmental Organization
NPO	Non-Profit Organization
NSB	National Statistics Bureau
NVTI	Nakawa Vocational Training Institute
OJT	On-the-Job Training
PVC	Polyvinyl chloride
SACCOS	Saving and Credit Cooperative Societies
SEDA	Small Enterprises Development Agency
SIDA	Sweden International Development Agency
SIDO	Small Industry Development Organization
SME	Small and Medium Enterprise
SNV	Netherlands Development Organization
TANESCO	Tanzania Electricity Supply Company
TCCIA	The Tanzania Chamber of Commerce, Industry and Agriculture
UEPB	Uganda Export Promotion Board
UIRI	Uganda Industrial Research Institute
UMI	Uganda Management Institute
UNBS	Uganda National Bureau of Standard
UNCCI	Uganda National Chamber of Commerce and Industry
UNIDO	United Nation Industrial Development Organization
USAID	United States Agency for International Development
USSIA	Uganda Small Scale Industries Association
NUCST	Uganda National Council of Science and Technology
VETA	Vocational Education and Training Authority
WTO	World Trade Organization

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Preface

1 Background of the study

1.1 Necessity to assist African countries

After a decade of disinterest towards Africa caused by aid fatigue and aggravating debt problems, the international community such as the United Nations, OECD and the G8 reaffirmed the necessity to develop African countries and started discussions on debt reduction, poverty reduction and prevention of conflicts. The Tokyo International Conference on African Development (TICAD) hosted by Japan in 1993 was one of the precedents to spur such assistance. African countries also took initiative in the "Revitalization of Africa" and established a New Partnership for Africa's Development (NEPAD). This has become a turning point to African development.

On the other hand, the establishment of World Trade Organization (WTO) enabled us to recognize developing countries including African countries as important players in the world market. Africa has drawn attention as the last emerging market and as a key supplier in the natural resource markets. However, a sharp division of opinions between the developed and developing countries remain on various issues discussed at the Doha Round meetings. A key discussion in the multilateral trade talks has become the issue of how to mitigate growth constraints of developing countries. Today, bilateral trade talks between African countries and the USA, the EU and China are also closely linked to development aid policy.

TICAD's basic principles are ownership (self-help efforts) and partnership with developed countries, and it aims at poverty reduction through economic development. It is noteworthy that this TICAD process led by Japan closely follows and complements these international movements and further appeals the importance of assistance to Africa along with this approach.

1.2 Positioning of assistance to SMEs within the TICAD process

At the TICAD Asia-Africa Trade and Investment Conference (TICAD-AATIC) held in November 2004, it was confirmed that the promotion of trade and investment between two regions is an important issue for African development. During the discussions, the common understanding raised and accepted by participants is the TICAD's principle of ownership and partnership, especially the philosophy that assistance from partners should depend on the ownership of African countries.

Under this philosophy, the role of government based on the "JIRITSU-1 (independence) – JIRITSU-2 (self-governance) – HATTEN (growth)" model was advocated as a "roadmap" to African development[1]. Assistance to Small and Medium Enterprises (SMEs) and supporting industries can be viewed as a type of assistance required at the self-governance stage, which tackles the constraints in the "intermediate environment" which embrace enterprises at this stage. In addition, four keys factors in the promotion of trade and investment between Asia and Africa (Appropriate policymaking, Product development, Promotion of local SMEs, and Social contribution of private companies) were addressed by Mr. Koizumi, prime minister of Japan, and Mr. Nakagawa, minister of Economy, Trade and Industry, at TICAD-AATIC. Promotion of local SMEs includes financial assistance such as microfinance and technical assistance in one-village-one-product promotion programmes and in network building to technical/information exchanges between SMEs and the supporting industries.

[1] Refer to "Issue Paper for TICAD Asia-Africa Trade and Investment Conference: A Clarification of the Development Process of African Countries and its Concepts through "自立 (JIRITSU-1)", "自律 (JIRITSU-2) and "発展 (HATTEN)" at the TICAD-AATIC presented by the UFJ Institute Ltd., November 2004.

1.3 Relationship with United Nations Development Programme (UNDP) and member organizations of Technonet Africa

SMEs in African countries face serious problems in areas such as technology and finance. In addition, there is often a lack of government-led support system to mitigate these problems. Countries have in turn suffered from increasing unemployment and social instability. To increase employment opportunity and to stimulate regional economy through SME promotion is one of the most important issues in these countries. In response, seven African countries (South Africa, Mozambique, Tanzania, Uganda, Ghana, Nigeria and Cameroon) agreed on April 2003 to establish "Technonet Africa," which was subsequently set up by UNDP in July 2004. The Technonet Africa is modelled after Technonet Asia and aims at innovation and capacity building of policies and programs in order to promote SMEs in these seven countries. Main programs are people-to-people exchange, training of policy makers, entrepreneurs and engineers, and training and commoditization of information by utilizing information-communication technology (ICT).

2 Objectives and scope of the study

2.1 Objectives

The objectives of the study is to identify and to make a recommendation of assistance approach to the relevant African countries in a manner that will spur the promotion of the SMEs, based on the information regarding the environment and the trends that surrounds SMEs in these member countries of Technonet Africa. In addition, the study also clarifies the ways in which Japan should form partnerships with these African countries, by examining closely the present situations of SMEs and SME promotion policies. The study also examines the current trade and investment climate, which affects a country's SME development greatly. It covers all areas of the country. However, the study in rural regions is limited to collection of secondary data and information. The results of the study might be helpful for the member countries of the Technonet Africa.

The specific scope of work of this study is as follows:

(1) Preparatory work in Japan
(2) Survey of SMEs promotion policies in relevant countries
(3) Survey of current situation on SMEs in relevant countries
(4) Review and assessment of trade and investment climate in relevant countries
(5) Holding of a "Wrap-up Meeting" in South Africa

The study is composed of three elements:

(1) Survey of SMEs promotion policies
(2) Survey of current situation of SMEs (SMEs diagnosis and management)
(3) Trade and investment promotion policies

2.2 Project team members

It is requested to complete all work starting from basic research, field surveys in multiple countries to the wrap up meeting of the study within a very limited timeframe. To achieve this, it is vital to form a TA consultant team, which consists of SMEs policies and institutions specialists, SME management specialists and a trade and investment specialist. In addition, the consultant team members must have a good understanding of the current climate for SMEs in the African countries concerned.

In these regards, the consultant team composes of the best eight members. They are separated into four groups based on the tasks and countries.

Team	Task and experts in charge*	Countries to survey
Group No.1	**- Team Leader:** Mr. Nori IAI **- Trade and Investment Expert:** Mr. Tetsuya FUKUNAGA**	IAI and FUKUNAGA: Cameroon and South Africa IAI: Nigeria and Ghana FUKUNAGA: Tanzania and Uganda
Group No.2	**- SME Promotion Policy Expert:** Mr. Kensuke SHIMURA **- SME Management Expert:** Mr. Yoichi HARA	South Africa and Ghana
Group No.3	**- SME Promotion Policy Expert:** Ms. Mikiko IMAI **- SME Management Expert:** Mr. Yoshiyuki OBA	Uganda and Tanzania
Group No.4	**- SME Promotion Policy Expert:** Ms. Hisatsugu FURUKAWA **- SME Management Expert:** Mr. Toru SUETAKE	Nigeria and Cameroon

*: Schedule to conduct in each country is attached later.
**: Vice Team Leader

2.3 Scope of the study

2.3.1 Countries to be surveyed

The study covers the following six countries, which are the members of Technonet Africa excluding Republic of Mozambique.

(1) Republic of South Africa
(2) Republic of Tanzania
(3) Republic of Uganda
(4) Republic of Ghana
(5) Federal Republic of Nigeria
(6) Republic of Cameroon

2.3.2 Establishment of close cooperative relationship with UNDP and with TECHNONET Africa

The TOR by JICA of this study includes the intent for JICA and UNDP to cooperate with each other in the study on the six member countries of Technonet Africa. Therefore, under the instruction of JICA, the study was performed with close cooperative relationship with UNDP offices and member institutions of each member country as well as Technonet Africa’s main office and offices in each country.

3 Organization of “mini-seminars” and a “wrap-up meeting”

During the field survey in African countries, a “mini-seminar” was organized in 3 countries upon request of the country’s responsible agency and a wrap up meeting was held in South Africa at the beginning of March. The outlines of the mini-seminars and the wrap up meeting are as follows:

(a) Mini-seminar:

The “mini-seminar” was successfully held in Tanzania, Nigeria and Cameroon.

The aim of the seminar was as follows:

* To inform the purpose and conduct of the study to all parties concerned.
* To explain the evolution of SMEs and the roles they played in the development process of Japanese economy after World War II.
* To introduce the Japanese SME promotion policies and institutions as well as legal frameworks which have been established and implemented in Japan.

Thanks to the mini seminar, the understanding of the purpose of the study in these countries has been deepened and resulted in making the overall study more successful.

(b) Wrap-up meeting:

Wrap-up meeting was held during March 7 to March 11, 2005 in Pretoria in South Africa.

The aim of the wrap up meeting was as follows:

* To clarify the issues and the obstacles, which the African countries concerned face. (This is based on the survey in six countries and analysis of data received from various sources including UNDP and TECHNONET Africa.
* To share information regarding issues that African countries are tackling related to MSE promotion, among persons responsible from UNDP and Technonet Africa, local consultants of 6 countries and the project team members.
* To make Recommendations on inter or intra-regional bases as well as a country-by-country basis, keeping in mind regional and industrial variance in each country.

Through fruitful discussions at the wrap-up meeting, recommendations about necessity (needs) of future cooperation are successfully made.

4 Basic methodologies of the study

The methodologies of the above-mentioned three elements of the study are referred to individually in the relevant chapters.

I. SME Policies

1 Introduction

Many donors have attempted to promote and assist SMEs in Africa. However, among the three major elements of management (fund, market and materials), they have mostly focused on the access to fund. Recently, the necessities to pay more attention on improvements in the access to markets, technology and information have been recognised. Assistance in transforming informal sector enterprises into the formal sector is difficult to achieve and measure its effectiveness. In addition, the limitations of enterprise creations via microfinance assistance have been pointed out. While assistance to improving productivity in the agriculture and mining sectors is requested, concerns are also raised regarding the economic structure of these countries with heavy reliance on export of primary commodities, which in turn is affected by the international volatile market.

It is clear from the above that these African countries face a spectrum of problems and thus the required policies are diverse. Under these circumstances, consistency, harmony and transparency of policies are strongly requested in order to make an appropriate and effective package of SME promotion policies. Therefore, good coordination among the governments, governmental organizations, the implementing agencies and the private sector is important. In particular, because of the vital roles that the local enterprises play in regional development, more attention is warranted on the coordination and the demarcation of the roles between central and local governments.

Based on the abovementioned understanding, the survey of SME promotions policies was conducted as follows:

(a) To research the vision and/or medium-long term plans (or substitute) concerning SMEs promotion (if any). This includes researching the level at which this vision/plan was agreed at (parliament, presidential order or ministerial ordinance), which will allow one to gauge the importance and the likely effectiveness of the implementation of the vision/plan.

(b) To study the actual implementation of the vision/plan as follows:
- * Is the vision/plan broken down into realistic individual policies (legal, financial, human resources)?
- * Is the medium-long term plan broken down into an annual plan, and is it backed by budget and the organisation of necessary implementing forces (institutions and human resources)?

(c) To recognize the priority and the relative importance of SME promotion policies among other government policies; to understand how they interact with other government policies aimed for example at poverty reduction, rural area development, conservation of environment and trade promotion; to measure the extent to which domestic policies and measures take into account the compliance with the global economy such as standardization, mutual recognition and so on.

(d) To understand in detail the availability of major financial assistance (short and medium term). For example, comprehensive structures of financial assistance, ceiling of total loan outstanding, lending record, situation of collection, loan condition (such as loan amount, interest rate, lending period, repayment schedule, collateral and guarantor) credit analysis, loan application procedure and so on.

(e) To understand the division of roles between the central and local governments, and among the different agencies, especially in the development of indigenous industries. This includes distribution of budget, and dealings with donors and beneficiaries.

2 Survey Results by Country

2.1 South Africa

2.1.1 Policy, Regulation and Strategy

Although SMEs are perceived as the path to job creation and economic growth in many countries in the world, this sector was totally neglected prior to 1994 in South Africa[2]. The *post-Apartheid* Government of South Africa has focussed on and made it a key pillar of government policy to support small, medium, and micro enterprises (SMMEs).

1) White Paper on the Development and Promotion of SMMEs

The White Paper on National Strategy for the Development and Promotion of Small Business in South Africa (1995) provides the framework for South Africa's SMME policy. The White Paper identified the position and role of SMMEs in South Africa's economic development, stipulated the objectives and principles of the national small business development strategy, elements of the support framework, institutional settings for implementing bodies, action programs and funding strategies.

The White Paper defines the basic purpose of the SMME policy as follows[3];

"The primary objective of the national policy framework is to create an enabling environment for small enterprises. Given such an enabling environment, it is expected that the hundreds of thousands of SMMEs will themselves accept responsibility for the operation, growth and progress of their enterprise."

"Such a national framework will need to be complemented with programmes developed and implemented at regional and local level. Besides, small enterprises do not in themselves constitute an economic sector by themselves. Therefore, policies need to be in tune with national and regional as well as sectoral developments, taking into account differences between sectors like manufacturing, tourism or construction as well as differences between categories of SMMEs."

In addition to this basic objective of the national small business-policy framework, five more specific objectives underlying the support framework are mentioned. They are, i) facilitating greater equalisation of income, wealth and economic opportunities, ii) creating long-term jobs, iii) stimulating economic growth, iv) strengthening the cohesion between small enterprises, and v) allowing bigger and small business to compete more in a level playing field.

2) National Small Business Act

The National Small Business Act (No. 102) was enacted in 1996 to translate the policy objectives set out in the Strategy into practical use by providing for the establishment of the institutional framework to support small business development. The Act also provides the first comprehensive definition of SMMEs and the establishment of new institutions, including the Ntsika Enterprise Promotion Agency, the National Coordination of the Manufacturing Advisory Centre (NAMAC Trust), Khula Enterprise Finance Limited, and the National Small Business Council (NSBC).

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[2] DTI, *Annual Report 2003-2004*.
[3] DTI, "The White Paper on National Strategy for the Development and Promotion of Small Business in South Africa", 1995.

The Act defined a small business as "a separate and distinct business entity, including cooperative enterprises and non-governmental organizations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy[4]" Small business is also classified as micro, very small, small or medium enterprises, following the criteria in terms of size, employment, turnover and assets[5], as well as adding a further distinct category of the 'survivalist' business, which is defined as providing income only below the poverty line.

The National Small Act was amended in 2003 mainly to legalize the dissolution of NSBC, and again amended in the December 2004. The National Small Business Amendment Act No. 29 of 2004 repeals all provisions pertaining to Ntsika Enterprise Promotion Agency, and provides for the establishment of the Small Enterprise Development Agency (SEDA). The Act 29 has made provision for the incorporation of Ntsika, NAMAC and other designated institution into SEDA, and provides for the necessary transitional arrangements to this effect.

3) Other Policies and Strategies

An important part of government's response to ongoing economic challenges is a ***Microeconomic Reform Strategy***. In recognition of the continued existence of microeconomic constraints to higher levels of growth, employment and equity that became apparent with the development of an outward orientation, this strategy is planned to achieve its vision of a restructured and adaptive economy characterized by growth, employment and equity, built on the full potential of all persons, communities and geographic areas by 2014. In this strategy, small business development is identified as one of the six key performance areas.

The Integrated Manufacturing Strategy is another pillar of the government's strategy to harness the central role of manufacturing in the South African economy to contribute towards accelerating growth, employment creation, and greater equity. The essence of the strategy is the development and strengthening networks of economic activity linked into specific manufacturing activities throughout the economy. Partly due to its close inter-relation with the ***Microeconomic Reform Strategy***, this integrated Strategy clearly includes critical strategies and programs for SMMEs.

The Broad-Based Black Economic Empowerment (BEE) Strategy, which is provided with the legal base by the Broad Based Black Economic Empowerment Act 56 of 2003, is the government's strategy to significantly increase the number of black people who own, control, and manage enterprises and thereby reduce economic inequalities. Although the target area of BEE does not necessarily coincide with SMMEs, the advancement of black people in the SMME sector is perceived to bring about a narrowing of income and wealth gap and facilitating growth in rural areas. The relatively high labour intensity of 'survivalist' and micro-enterprises is of particular significance in this regard[6].

2.1.2 Financial Assistance System

The government support for SMMEs in South Africa is broadly divided into financial support and non-financial support. Financial support is provided by three government agencies, namely **Khula Enterprise Finance**, **National Empowerment Fund** and **Industrial Development Corporation (IDC)**, as well as the Department of Trade and Industry (DTI). Their main

4 *National Small Act 102 of 1996.*
5 See Annex I-1.
6 Ntsika, *State of Small Business Development in South Africa: annual review 2002.*

financial programs and products are summarized in Annex I-2.

It is noteworthy to identify the difference of characteristics, mission and target between the three governmental financial agencies, all of which are under the umbrella of the DTI. **Khula Enterprise Finance** is a limited liability company with the DTI as a major shareholder, established by the National Small Business Act 102 of 1996. Its mandate is to facilitate loan and equity capital to small, medium and micro enterprises through the medium of Retail Financial Intermediaries by offering a range of financial resources and information to the public.

The National Empowerment Fund (NEF) was established by the National Empowerment Fund Act 105 of 1998 for the purposes of promoting and facilitating economic equality and transformation, by redressing the economic inequalities bequeathed by apartheid by providing historically disadvantaged persons (HDPs). In 2003 the NEF reformulated its business plan and shifted focus to maximise the empowerment dividend in line with the government's aim to formalise BEE transformation across industry sectors. Therefore, it is now given a clear mandate to be the catalyst of broad-based Black Economic Empowerment, making its products aim at supporting the BEE Act No 43 of 2003.

The Industrial Development Corporation of South Africa Limited (IDC) was established by the Industrial Development Act 22 of 1940 as a state-owned, self-financing company. Its primary objectives are to contribute to the generation of balanced, sustainable economic growth in Africa and to further the economic empowerment of the South African population, thereby promoting the economic prosperity of all citizens. According to this mandate, IDC coverts wide range of industrial sector and various size of business, to which SMEs and BEE have been involved as relatively new targets.

These agencies provide not only financial assistance, but also consultancy or mentorship service to the entrepreneurs who lack business skills and/or project management skills. However, it is obvious that, from the observation of above characteristics, mission and target of each agency, Khula is the only public financial institution that focuses on SMME financing, and NEF and IDC partially involve themselves to it. This difference is reflected in the conditions of their products. It could be roughly said that Khula has the most appetite for risk-taking, whilst IDC behaves as commercial banks, which are generally recognized as risk averse. NEF also takes relatively higher risk, but their target is different from Khula’s.

In addition to these existing financial institutions, to further facilitate access by SMMEs, in particular those who are in rural area or bottom end of the sector, DTI has just set up the ‘**APEX Fund**’ to provide micro finance up to R 10,000 through intermediary organizations.

There is also a private financial institution that provides SME finance called **Business Partners**. Business Partner is an unlisted public company, established in 1981 as the Small Business Development Corporation. Its major shareholders are Khlula, DTI (through investment company), Business Partners Employee Share Trust and major companies listed to Johannesburg Stock Exchange. It is the only private company providing debt and equity investment, mentorship and property management services for SMEs in South Africa through 22 offices, with the mission to fulfil its vision by investing capital, skill and knowledge into viable SMEs. Business Partners Investments focuses on investing in enterprises requiring from R250,000 to R15 million to finance a start-up phase, a growth phase, a franchise, a management buy-out or a management buy-in, using equity, shareholders’ loan accounts, royalties and term loans or a combination of these. Its financing conditions are more market oriented than that of public financial institutions.

Notwithstanding the above financial assistance system in the public and private sectors, it is widely recognised in the public and private sector that SMMEs in South Africa lack access to finance and that this is one of the most serious problems faced by them. The reasons are believed as follows:

-Absolute small volume of SMME financing supply, compared with the financing demands,
-Highly risk-averse attitudes of commercial banks, which actually deal with financial products, although they are thought to be gradually changing,
-Cumbersome procedure to access public assisted financial schemes,
-Low awareness of public assisted financial schemes by entrepreneurs.

2.1.3 Status and Major Issues of SME Promotion Organizations

1) Government Organizations

Since its formal establishment on 13 December 2004, and its incorporation of Ntsika and NAMAC Trust according to the National Small Business Amendment Act No. 29 of 2004, SEDA has became the government's key agency for supporting the development of small business in South Africa. It is supposed to ensure a coordinated approach to the design and implementation of development support programs and the creation of a service delivery network for small businesses throughout the country.

The institutional mandate of SEDA is to deliver an integrated service for small enterprises by providing coordinated government services from a single point, promoting a service delivery network that facilitates access to opportunities and information, as well as addressing issues of outreach by establishing access points at least at every district level throughout the republic[7].

The integrated service delivery by SEDA aims to achieve the following[8]:

- Improve geographic outreach,
- Achieve the desired impact on Small Enterprises,
- Provide a single access point for Small Enterprise support,
- Be inclusive of all relevant stakeholders,
- Leverage resources in service delivery,
- Optimize resource utilization, and,
- Align government strategy of service delivery in a coherent manner.

The programs and schemes conducted by Ntsika and NAMAC are, as a matter of course, taken over by SEDA. Among various programs and services provided by Ntsika, whose mandate was to facilitate non-financial support and business development services to SMMEs through a broad range of intermediary organizations, Service Provider Network Programme and Tender/ Procurement Support are supposed to be prominent. These program and service provides SMMEs various business information, assistance and training through Ntsika's nation-wide network, Local Business Service Centres (LBSCs) and Tender Advice Centres (TAC).

NAMAC Trust, whose mission was to supply high-quality advisory and information services to new and existing SMMEs in line with best practices globally, had the overall responsibility of the MAC, BRAIN and FRAIN Programs. MAC (Manufacturing Advisory Centre Program) is that dedicated Industrial Advisors make contact with potential SMMEs to supply high quality advisory services. BRAIN (Business Referral and Information Network) is the system in which dedicated information consultants deal with client (HDPs who own small business or want to start business) queries and have access to BRAIN's website and international database. FRAIN (Franchise Advise and Information Network) is another information and support providing

[7] CEO letter to SEDA stakeholders, dated on Feb 1, 2005.
[8] *Ibid*.

service for potential Franchisees and Franchisers in all sectors, as well as entrepreneurs who are interested in becoming franchisers.

SEDA has absorbed these programs and services with the physical and human networks into its nation wide network, which ranges from the Head Quarter in Pretoria, Provincial and District Offices, to Municipality Access Points. Other programs that fit into above mandate are also being incorporated into SEDA, namely the Community Public Private Partnership Programme (CPPP), which was previously located at the Development Bank of South Africa.

As emphasized in the mandate, SEDA needs to "deliver integrated service for small enterprises by providing coordinated government services from a single point". This reflects the fact that, under the former system, SMME supporting programs and services were delivered by various organizations without coordination, thus brought about duplications and inefficiency in execution. SEDA is required to overcome this problem, along with the effort to improve the recognition by entrepreneurs, many of those are not familiar yet with this new agency.

2) Private Organizations

Chambers and Associations

Although there are a number of Chambers and industrial/professional associations in South Africa, organizations actively involved to SMME promotion are limited, due to constraints in budget and personnel or member companies' structure. The Chamber of Commerce and Industry South Africa (CHAMSA), established on 11 October 2003 as the independent umbrella body of the four national chambers (AHI, FABCOS, NAFCOC and SACOB), is committed to progressively assist in policy making and advocacy, business linkage, a constructive enterprise development, training in business conduct and business development for SMMEs. One conspicuous program for SMMEs is SALGA Partnership Program. In this program, CHAMSA has come into an agreement with the South African Local Government Association (SALGA), in terms of which SALGA will provide office space to chambers throughout the country. CHAMSA intends to use SALGA infrastructure to retail all DTI products and services needed by businesses on the grounds, especially SMMEs.

Business Unity South Africa (BUSA) was launched on 11 October 2003, as a unified and fully representative organization of South African private sector, that is a confederation of Chambers of Commerce and Industry (CHAMSA and its constituent organizations), Professional Associations, Corporate Associations and Unisectoral Organizations. As it puts its mission in "achieving an environment in which business of all sizes and in all sectors can thrive", developing enabling business environment through lobbying, advocating, coordinating, conducting research and other activities for SMMEs is one of its main missions.

Those business organizations have close relations with the government, some of them receiving financial support from it (called "Chamber support"), and seem to have influence to reflect their opinions on the policies to some extent. However, as memberships of the organizations sometimes overlap, or organizing abilities of the umbrella bodies are not strong enough, their function as BDS providers or intermediaries seems not to be sufficiently fulfilled.

BDS Providers

While there are a number of mentors, consultants (individual and organizational), NGOs and NPOs which provides BDS to SMMEs, the whole picture is not clear on this sector, in terms of the numbers, categories of services, level of skills, financial conditions. Among few surveys focussed on BDS providers in South Africa, there is an analytical survey conducted for BRAIN of NAMAC Trust, to assess the information and other needs of affiliated business support organizations (BSOs) to BRAIN program. According to this survey report, which was based on questionnaires compiled by 100 affiliates (including Chambers, community centres, financial organizations, independent consultants, LBSCs, MAC offices, etc.) in early to mid-2004, SWOT (strength, weakness, opportunities and threats) of BSOs is analyzed as follows[9]:

Strength: presence of BSO network *per se*, and peoples' awareness of its existence.

Weakness: human resource development, limited recruitment capacity stems from their low pay-scales, and costly communication infrastructure.

Opportunities: facilitating knowledge sharing between BSOs, facilitating local business networks, learning from experiences, and exploiting digital technologies.

Threats: erosion of credibility on BSOs brought out from the limited impact they have on real business development, and difficulty of keeping focused on client needs only when a supply-driven, bureaucratic layer of service provision system would be developed.

The report also reveals that limited or no access to online information, shortage of staff, funding and staff training are relatively common problems expressed, on the other hand, a substantial number of respondents did not list any problems.

Apart from the above survey result, situations of BDS providers supposed to be quite various. On the one hand, there are organizations conducting quite unique activities, like 'business linkage program' between SMEs and larger corporations, or networking of ICT entrepreneurs with providing BDS including loan guarantee fund[10]. They may be in relatively favored position in financial terms due to a substantial amount of financial support from international donors. But on the other hand, there are numbers of BDS providers facing with problems mentioned above.

2.1.4 Standardization and Mutual Certification Policy

There are three government agencies, which are all under the DTI, to cover the issues of standardization and certification. **South African National Accreditation System (SANAS)** is the National Accreditation Body for South Africa, established in 1973 by Act 61 (Companies Act), and provides laboratory, personnel and certification body accreditation in South Africa as well as mutual recognition agreements with international accreditation organizations. Its activities include: to facilitate the acceptance internationally of the South African technical infrastructure by providing an internationally recognized and effective accreditation and monitoring system in an efficient manner; to adopt, adapt and develop new programs of accreditation and for monitoring; to ensure the continual relevance of accreditation and monitoring programs; to shape/influence international development of accreditation and associated standards. Due to its small scale as an organization (28 staffs), as well as its status and mission, SANAS functions as a regulatory body, rather than as a service provider for individual or groups of companies.

The South African Quality Institute (SAQI) was registered in 1993 as a Section 21 company, not for gain, as the unifying national institution for quality in South Africa. While SAQI has a wide range of accredited training programs and conducts Quality Health checks and ISO

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9 BRAIN, "Assessment of Affiliates' Information Needs: Analysis of Aftercare Checklists for Brain Affiliates", September 2004, prepared by Paul Crankshaw, Research and Editorial Consultant.

10 'Business linkage program' has been conducted by a NPO named SBP. The program has created more than R 1 billion of contracts and 3,000 sustainable jobs. ICT entrepreneurs networking is now pursued by a NGO named 'enablis'. They provide qualified ICT entrepreneurs with guarantee fund, collaborating with Khula Enterprise Finance and FNB Enterprise Solutions. See 'Enablis-Khula Fund' in the table of Annex I-2.

implementation, it is also now accepted and used by commerce and industry as the national quality co-ordinating and promotional body, with special focus on SMMEs. Bringing quality systems within the reach of small entrepreneurs and how big business can play a major role in this SAQI has developed a stepping-stone approach known as the QIDP (Quality Infrastructure Development Programme) that enables SMMEs, with the help of big business, to take continuous steps towards certification not only in their particular field of operation but also in the areas of bookkeeping, finance, administration and human resource management.

The most important government agency in the context of standardization and certification is **the South African Bureau of Standards (SABS)**. SABS was established in 1993 by Standards Act (Act 29 of 1993) to provide standardization services that improve the competitiveness of South Africa through the understanding, maintaining and development of standardization product and services within South Africa and internationally. The activities of SABS can be divided into Non-Commercial and Commercial. SABS is in the process of transforming itself from an inward looking organization to one which is customer oriented, focussed on service and representative of the demographics of the region.

On the non-commercial side, the core business of the SABS is to:

- Develop, maintain and disseminate standards
- Provide support for Regulatory services
- Support Presidential imperatives
- Provide research and development into standardization, test methods and regulations
- Encourage the design function through the Design Institute.

On the commercial side, the SABS offers:

- Certification (of products, processes and a new registration scheme)
- Test House - testing for a wide range of commodities. The protection of the consumer is a high consideration
- NEFTA - testing of power distribution equipment
- Coal and Minerals Technologies - testing of coal and other minerals
- Global Conformity services - regional services covering the Western Cape, Eastern Cape, KwaZulu-Natal and Namibia
- Bathekgi Corporate Services - the provision of services such as Human Resources Management, Management Information Systems and Events Management
- Eurotype Test Centre - equipped to perform vehicle exhaust emission testing to European, American and Japanese environmental standards, as well as all automotive related testing.

For SMMEs, SABS provides training program called “Missing Link Training Program”, which fully subsidizes SMMEs to participate in training on technical and managerial skills. It has a similar training program to attain ISO 9000 certificate. Another service for SMMEs, called “Tender Board Service” is the support for SMMEs to apply for the business with “Tender Board”, which is the procurement body of the central and local governments, in assisting preparation for tender documents, and holding workshops on specifications of tenders.

As South African industries basically use international standards as ISO, they are not required to adapt their standards or make special arrangements for mutual certification with neighbouring countries that adopt international standards as well. However, there are some areas where South Africa has its original standards, which in turn have become *de facto* standards in neighbouring countries. In these cases, SABS provides technical assistance for those countries.

2.1.5 Local Business Promotion Policy

South African constitution (Chapter 3: Co-operative Government) constitutes government as national, provincial and local spheres of government. It describes these spheres as distinctive, independent and interrelated. The constitution provides for nine provinces, each with its own legislature. Thus, provinces have legislative and executive powers concurrently with the national sphere over many areas including agriculture, trade and industrial promotion. Provinces have exclusive competency over a number of areas, such a liquor licenses and provincial planning[11].

SMME promotion is also the one area, over which provinces have legislative and executive power. Provinces have their own SMME policies, which are guided by economic development strategies of each province, with funds for small enterprises and Local Business Service Centers of the provinces. Economic development strategies of the provinces are to be formulated based on the National Economic Development Strategy. However, the provincial strategies do not necessarily have consistencies with the national strategy, therefore many provincial programs overlaps with the national ones.

This situation is supposed to have stemmed from the over development of the provincial governments' executive power under the former SME promotion system (Ntsika-NAMAC system). Presently, national government tries to reconstruct the cooperative relation with provinces, through utilization of the "Provincial Coordination Committee".

2.2 Tanzania

2.2.1 Policy, Regulation and Strategy

Tanzania has recently formulated a SME Policy, the ***Small and Medium Enterprise Development Policy 2003*** (hereafter SME Policy) published by the Ministry of Industry and Trade (MIT).

SME Policy (2002-2012)

The stated objective of the SME Policy is to "foster job creation and income generation through promotion of the SME creation and through improvements on the performance and competitiveness of the existing ones to increase their participation and contribution to the Tanzanian economy"[12]. It aims to achieve this by (1) reviewing policies and regulations that discriminate against or hinder SMEs development (start-up, survival, formalization and growth), (2) enhancing the growth of the sector, (3) assigning clear roles to key actors, (4) developing strategies to facilitate provision of financial and non-financial services to SMEs and (4) developing and institutionalizing public-private partnerships (PPP) for SME sector development.

The official definition of the different categories of SMEs in Tanzania as stated in the Policy is as the following[13]:

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[11] DTI, *Provincial Economies*, May 2003.

[12] SME Policy 2003

[13] However, there have been some criticisms from the private sector regarding this definition. For example, some disputed the size categories for the capital investment, and others advocated use of annual sales for the criteria. As a result, many organizations (e.g. CTI, banks) use different definitions for their categorization.

Category	Employees	Capital Investment in Machinery
Microenterprises	1-4	Up to Tsh 5 mil (US$5,000)
Small enterprises	5-49	Above Tsh 5 mil to 200 mil (US$ 5,000 – 200,000)
Medium enterprises	50-99	Above Tsh 200 mil to 800 mil (US$ 200,000 – 800,000)
Large enterprises	100+	Above Tsh 800 mil (US$ 800,000)

(In the event of an enterprise falling under more than one category, then the level of investment will be the deciding factor)

The SME Policy is intended to be guidelines to all stakeholders replacing ad-hoc and piecemeal measures with sustainable, integrated and coordinated interventions. It describes the roles and responsibilities of implementing agencies. Moreover, it breaks down the objectives into smaller more digestible policies and draws a plan of action for the implementation of these individual policies together with a clear timeframe and key actors to achieve this.

Despite the well-established framework of this policy, the implementation of it has not started because there has not been any budget allocated to it yet. This is in part due to the lengthy government budgetary process. It takes nine months from the formulation of Budgetary Policy (November each year) to the authorization of the Budget by the Parliament (July the following year). For the Budget due to be authorized in July 2005, budget requests for the SME policy implementation have been submitted. Thus, officials expect the implementation to commence once there are budgets allocated for it.[14]

However, more importantly, like any policy in Tanzania, the ultimate implementation of this policy is decided by the national strategies and priorities, which are identified in the long-term development goals, ***Tanzania Development Vision 2025***, and more directly to the shorter-term strategy of the ***Poverty Reduction Strategy Paper (PRSP)***. As one of the poorest country in terms of per-capita GDP in the world and as a HIPC Initiatives-qualified country, Tanzania places foremost importance to the PRSP. The budget allocation and assistance from the international community are based on the priority areas and required interventions outlined in the PRSP.

From this perspective, one can be optimistic about the future potential for the implementation of the SME Policy. The Government of Tanzania has shown strong interests in SME development. The long-term ***Tanzania Development Vision 2025*** stipulates the importance of private sector development for the development process of the country. Furthermore, in the long-term ***Sustainable Industrial Policy 1996-2020 (SIDP)***, it clearly states the "promotion of small scale industries and the informal sector activities organized in all industrial branches"[15] as vital means to enhance sustainable development of the industrial sector. Moreover, Tanzania has just formulated the new PRSP (referred to as PRSP2), the ***National Strategy for Growth and Reduction of Poverty (NSGRP)***. Whereas the PRSP1 focused on seven priority sectors for its financial interventions, NSGRP does not specify priority sectors but instead present three major clusters of broad outcomes. One of these is to achieve and sustain a broad based and equitable growth. As regards to this, NSGRP states that along with the informal sector and cooperatives, a well developed SME sector is vital for the economy in order to achieve sustainable and broad based growth. Thus, in this cluster of strategies, a number of intervention packages are advocated for SME development. This was not the case for PRSP, where neither SME development nor private sector development was one of the seven priority areas of interventions. By NSGRP advocating the SME development, the implementation of the Policy is greatly facilitated, not least because of the increased likelihood of securing funds for its

[14] Based on interview with Mr. D. Massawe, Assistant Director/Head of SME Section for MIT, 14/02/05 and Ms. Y. Suzuki, Programme Analyst, Development Management Unit, UNDP, 10/02/05

[15] SIDP 1996

implementation.

Below gives a brief overview of the main policies that are relevant for SME development:

Tanzania Development Vision 2025
The national long term vision is to transform the country from a low productivity predominantly agricultural economy to a semi-industrialized one led by modernized and highly productive agricultural activities. This should be enhanced by supportive industrial and service activities through active mobilization of people and other resources towards achieving shared goals.

NSGRP 2005/6-2009/10
The NSGRP is the second national organizing framework for putting the focus on poverty reduction high on the country's development agenda. The goals are grouped into three clusters, with each relating to one of the three groups of core NSGRP outcomes. These goals are broken down further into cluster strategies. For each cluster strategy, an intervention package, sector or area of collaboration and key actors are identified. The first cluster is "growth and reduction of income poverty". In this section, for many of the cluster strategies, SME development is mentioned as the required intervention package. For example, in order to achieve the goal of macroeconomic stability, one of the strategies identified is "to make trade more inclusive through facilitating expansion of a wide range of enterprises especially SMEs in exporting activities". The intervention package required to achieve this is SMEs development, and the key actors involved would be the MIT, President's Office – Planning and Privatization, and the private sector.

SIDP 1996-2020
The policy aims to enhance sustainable development of the industrial sector. As regards to SMEs, the policy states that "the promotion of small scale industries and the informal sector activities organized in all industrial branches which offer broad based entrepreneurial development potential for employment and income generating opportunities"[16] should be met with special efforts. SMEs are promoted through the following measures:

- Support existing and new promotion institutions
- Simplification of taxation
- Licensing and registration of SMEs
- Improve access to financial services

SIDP also emphasize the formalization of informal sector, and on enabling indigenous entrepreneurs, youth, women and people with disabilities to take a more active part in economic activities.

Business Environment Strengthening for Tanzania (BEST) Programme 2002
In an effort to create an enabling environment to enhance enterprise development, the government identified 5 key programme components. These are regulations, commercial dispute resolution, Tanzania Investment Centre, government culture and private sector advocacy. It is intended that by implementing these, the government is able to improve the legal and regulatory framework and administrative practices, which unnecessarily increase costs of doing business in Tanzania.

National Micro Finance Policy 2002
The Policy covers the provision of financial services to micro and small enterprises in rural areas as well as urban sectors engaged in all types of activities.

There are a number of other policies relevant for the development of SME sector. These include,

[16] SIDP 1996

the National Investment Promotion Policy (1996), National Employment Policy (1997), Minerals Policy of Tanzania, Agricultural Policy, Gender and Women Development Policy, Cooperative Development Policy, and Rural Development Strategy.

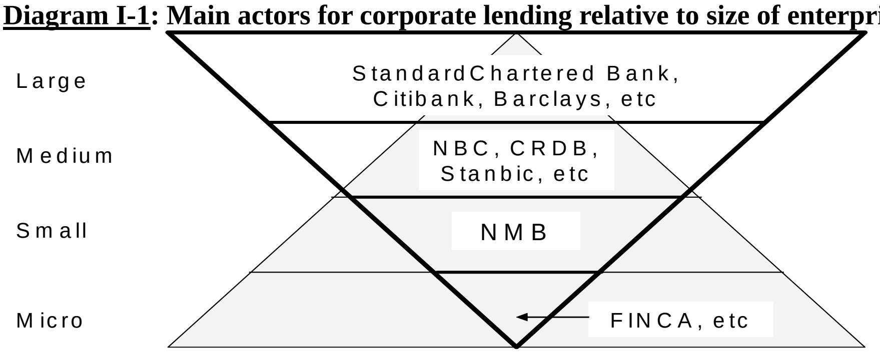
2.2.2 Financial Assistance System

Tanzania's financial sector is relatively well developed following monetary and financial structural reforms that began in 1990. This has resulted in a relatively stable macroeconomic framework for private sector development. There are 20 commercial banks and 11 non-bank financial institutions operating in the country, with an approximate total deposit of Tsh 1,507.4 billion (US$ 1,507.4 million) as of December 2002.[17] The insurance market currently consists of 10 insurance companies, 38 insurance brokers, 285 insurance agencies and 22 loss assessors & adjusters. The sector, previously monopolized by state owned National Insurance Corporation (NIC), was liberalized in 1997 leading to the establishment of several foreign and local privately owned companies.

The National Bank of Commerce (NBC), which used to account for over 75% of the country's banking services, was split into NBC 1997 Ltd (sold to the Amalgamated Banks of South Africa: ABSA) and the National Microfinance Bank (NMB), which is currently undergoing the process of privatization.

The diagram below roughly depicts the corporate clienteles for the Tanzanian banking sector.[18] The shaded triangle represents the number of enterprises in each segment: few large enterprises and a vast number of microenterprises. On the other hand, the inverse triangle represents the bank loans accessed by or available for each segment. In the segment of loan market aimed for large enterprises, the segment is dominated by foreign banks such as StandardChartered Bank, Barclays and Citibank. Large enterprises normally have access to these credits. Medium enterprises are able to access credit from a mix of national banks and foreign firms (e.g. Stanbic). Small enterprises typically borrow from NMB, but the loan size is very small.[19] NGOs such as FINCA (The Foundation for International Community Assistance) MEDA (Mennonite Economic Development Associates) and PRIDE (Promotion of Rural Initiatives and Development Enterprises) are the main providers for very small loans. These institutions tend to operate in group lending and impose very high interest rates.

Diagram I-1: Main actors for corporate lending relative to size of enterprise



[17] US & Foreign Commercial Service and US Department of State (2005), "Tanzania Country Commercial Guide FY 2004".
[18] Based on interview with Mr. J. Giles, Chief Executive Director and Mr. J. Lwande, Chief Manager Microfinance, National Microfinance Bank Ltd., 15/02/2005.
[19] NMB currently only operates Microcredit ($650-$3,000), but these are often taken out by the "Small" enterprises as defined by SME Policy definition. Furthermore, SME lending ($5,000-$13,000) is due to start this year.

It is evident that SMEs, especially small start-up companies face difficulty in trying to access credit. The banking sector rarely lends adequate amounts to small enterprises. This is not due to the lack of resources available in the banks. Rather, banks are reluctant to make loans due to the risks associated to loans to small enterprises. The banks blame the entrepreneurs' low capacity and knowledge regarding book-keeping and managerial skills. In addition, due to the lack of a sophisticated method for evaluation of the business plan, they are not able to distinguish between the good enterprises to the bad. Thus, banks are only able to give out loans to those with collateral or to larger enterprises.

There are several capital funds in the private sector that provide equity to the start-up SMEs. For example, *FEDHA Fund Ltd* is a private equity fund, which makes equity or quasi-equity investment in Tanzanian companies with high growth potential. FEDHA is managed by First Capital Partner Ltd. (FCP)[20], which provide risk capital investment services and who also manages *Tanzania Venture Capital Fund Ltd (TVCF)*, owned by UK based Aureos Capital. However, enterprises only have very limited access to funds from such venture capital schemes.

The government has attempted to improve access to capital for SMEs where the private sector fails, by supporting a number of special schemes funded by the budget. Some of these are:

- *National Entrepreneurship Development Fund (NEDF)* – This scheme is operated by SIDO. The maximum loan size is Tsh 500000 (US$500), and the government has allocated Tsh 1.5 billion (US$1.5 million) for this fund.
- *Regional Revolving Fund* – This is funded (at initial stages only) and operated by SIDO, designed to be self-sustainable. The size of the loan is larger than the NEDF, set at a maximum of Tsh 5 million (US$5,000).
- *Youth Development Fund* – managed by Minster of Labour, Youth Development and Sports.
- *Women Development Fund (WDF)* – managed by Ministry of Community Development and Women Affairs and Children.

In addition, there are other related programmes established through government/donor joint efforts including the *Small Entrepreneurs Loan Facility (SELF)*, *National Income Generating Programme (NIGP)*, *Presidential Trust Fund (PTF)*, and *Community Development Trust Fund (CDTF)*.

2.2.3 Status and Major Issues of SME Promotion Organizations

The first major attempt to promote small industries sector in Tanzania can be tracked back to 1966 when the *National Small Industries Corporation (NSIC)* was formed under the *National Development Corporation (NDC)* (subsequently replaced by SIDO in 1973). There are many SME promotion or support organizations present in Tanzania, both at the public sector and the private sector. Below gives an overview of the main organizations:

1) Government Ministries/Organizations

MIT

The main ministry responsible for the SME development is the Ministry of Industry and Trade (MIT). The SME Development Policy explicitly states that the MIT "shall have the overall responsibility for coordinating the implementation of the SME Development Policy".[21] In particular, MIT will function as the secretariat of the SME Forum and publish the Annual SME Report that will include information on the status of the SME sector. Furthermore, MIT will

[20] First Capital Partners is a subsidiary of Commonwealth Development Corporation (CDC)
[21] SME Development Policy 2003

establish a data bank to function as research and information clearing house, interconnected with major stakeholders.

Within the MIT, there have consistently been officers studying the Tanzanian SME sector from the 1970s, although the emphasis placed on this sector has changed over the years. At the beginning, there existed a SME department where the departmental head reported directly to the Permanent Secretary. However, in the 80s, the department was dissolved and only a couple of officers remained to deal with SME issues. In 2000, following structural reforms of the MIT, the SME Section was created as one of the three sections under the Department of Industry. There are 4 staff members currently specializing in SMEs (allocated positions for the Section is 12). This Section is responsible for policymaking, monitoring and evaluation of SME issues. The annual allocated budget is approximately US$67,000. In addition, it receives assistance from many donors (e.g. USAID, etc) and international organizations (ILO, UNIDO, UNDP, World Bank) in many forms.

Small Industries Development Organisation (SIDO)

The Small Industries Development Organisation (SIDO) was established in 1973 by Act of Parliament "to plan, coordinate, promote and offer every form of service to small industries".[22] SIDO is a parastatal, under the MIT's jurisdiction.

Structure of the institutions: HQ in Dar es Salaam, 20 regional offices Staff No.: 330 (20% in HQ) Budget: 50% internally generated, 50% funded by government and donors Mission: "To create and sustain an indigenous entrepreneurial base through promotion and support of SMEs. Priority given to priority economic sectors that contributes to wealth creation." Type and No. of SMEs targeted: Micro- and small enterprises in the following target industries: (1) leather; (2) textile & garments; (3) handicrafts; (4) light engineering; (5) agro-food processing; (6) metal work Main activities: (1) Technical development, search and development - technical assessment, incubation, skill upgrading, etc. in a wholly manner; (2) Business development and extension services - advisory service, entrepreneurship (esp. women) development through training courses, service centres; (3) Market and information services - trade exhibitions; and (4) Financial services - investment financing; working capital fund (Regional Revolving Fund), credit guarantee, linkage to banks and financial institutions

As an organization under the MIT, SIDO remains the main government arm for promoting SMEs in Tanzania. SIDO appears to be modestly successful in achieving its aim, and the responses by enterprises that received SIDO assistance appear to be positive overall. However, SIDO's primary target is very small enterprises. It has been criticized that due to this target, the overall impact towards the Tanzanian economy has been small. In addition, SIDO does not give adequate support towards enabling small enterprises to scale up their businesses.

Tanzania Investment Centre (TIC)

TIC was created by the Tanzania Investment Centre Act of 1997. Its organization is directly under the President's Office. This is to ensure credibility regarding the country's emphasis on SME development. Its headquarters is in Dar es Salaam and there is also one zone office in Moshi-Kilimanjaro. With an organization of 40 professional staff and a budget of $1 million, the organization aims to act as a one-stop office for all investment, foreign and domestic, without making any distinction. The focus industries are (1) agriculture; (2) value addition of

[22] SME Policy 2003

agriculture; (3) tourism; (4) fisheries; (5) mining; (6) timber; (7) services.[23] The TIC was heavily involved with the formulation and is responsible for the implementation of the BEST Programme. TIC is complementary with SME development and promotion, to the extent that SMEs are able to take advantage of the facilities and advice that are given by the TIC. However, many SMEs are too small to be able to fully benefit from the TIC.

Business Registrations and Licensing Agency (BRELA)

BRELA was established in 1999, under the Government Executive Agencies Act No.30 of 1997. It is a semi-autonomous Executive Agency under the MIT. Two other legal frameworks directly relate to BRELA – Companies Ordinance Cap. 212 and Business Names (Registration) Ordinance 213. Enterprises are required by law to register at BRELA unless in certain cases. By simplifying the registration process (e.g. single form registration for Business Names Registration), BRELA encourages formalization of more enterprises formerly operating in the informal sector. In the past, however, BRELA has often been associated with corruption. The Agency is now tackling this problem with Customer Survey whose information is gathered directly to the Prevention of Corruption Bureau. In addition, the registration process for companies in rural areas has often been problematic, as entrepreneurs were required to come to Dar es Salaam merely to register. Although there are no regional offices yet, entrepreneurs may now register at trade offices in rural areas instead.

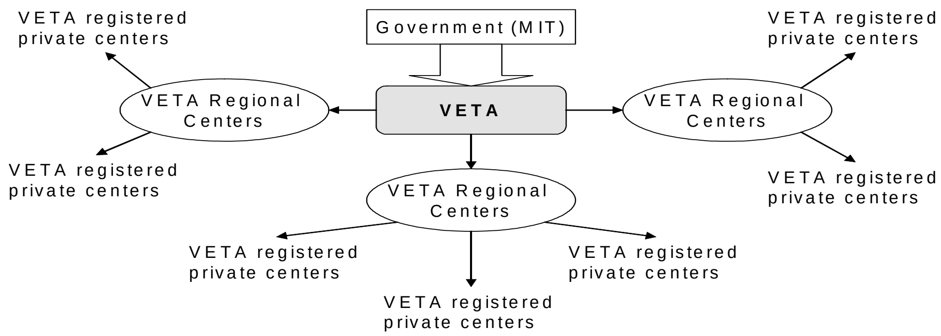
Staff number: 50 (9 professional lawyers, 3 economists & 1 CPA qualified accountant)
Budget: Approx $700,000
Mission: "Regulate and facilitate business operations in conjunction with other partner institutions in the country, to ensure that they are in accordance with sound business and commercial principles".
Donor support: WIPO - support in Patents, and Registration of Trade and Service Marks section
Business activities: (1) Business Names Registration (160,000 companies registered) - single form, no need to register capital, process takes approx. 3 days, 6,000Tsh; (2) Company Registration (50,000 companies registered); (3) Granting Patents; (4) Registration of Trade and Service Marks; (5) Industrial Licensing

2) Business Development Services (BDS) Providers

Vocational Education and Training Authority (VETA)

Enacted by the Vocational Education and Training Act of 1994, the Vocational Education Training Authority was formed and has established 630 centres in the country offering training courses and providing the framework for vocational training system in Tanzania.

Structure of the institution: 630 centres in 8 zones (Approx 183 centres in Dar es Salaam region) - this includes centres directly owned by VETA (only 20) and others by VETA registered private centres



DiagramI-2: Operational Structure of VETA

[23] Based on interview with Mr. Emmanuel Ole-Naiko, Director, Investment Promotion,02/18/05

Staff number: Approximately 90 skilled teachers at VETA centres Budget: $230,000 to VETA, approx 1/3 goes towards monitoring/training and facility provisions of private registered centres Donor Support: DANIDA (renovation of buildings & recently - research on improving labour market), ILO (entrepreneurship development), in the past - ADB and JICA (constructed VETA centres), SIDA, GTZ and Irish Aid. Main activities: (1) Run short- (less than 3 months) and long- term courses - Currently run 90 courses (19 LT courses); (2) Train and monitor teaching at VETA registered private vocational centres Target: Individuals, mostly young school leavers (15-17 yrs) - 32,000 students (6,000 by VETA, rest by private registered centres)

VETA-run courses are deemed better quality and cheaper than the private registered centres (approx 10,000Tsh/course vs. 45,000Tsh/course at private centres) and are thus favoured.

Although VETA is a well recognized national vocational training system in Uganda, it suffers from low funding by the government. In order to raise revenue, VETA has had to increase the number of popularly demanded courses. In some cases, the skills gained by these courses do not correspond well with the labour market demand[24]. It is estimated that only 30% of VETA or VETA registered centre students/attendees are able to gain salaried employment afterwards. [25] In recent years, some training courses have incorporated business management skills so that the students are able to start-up their own enterprises upon graduation. However, there is urgent need to correct supply and demand of the labour market further.

3) Private sector associations/foundations

There are a number of associations in Uganda. Three mains associations in relation to SME developments are briefed below

Tanzania Private Sector Foundation (TPSF)

TPSF is the umbrella association for all associations in Tanzania. The Foundation was heavily involved with the formation of SME Policy, which is generally believed to reflect the views of the private sector or the SMEs well. However, on the whole, TPSF lacks adequate funding and thus is understaffed. This has undermined the effectiveness of the advocacy power against the government.

Year established: 1998 Structure of institution: Umbrella association for all associations in Tanzania (120 members) Staff number: 5 (2 professionals, 1 semi-professional) Budget: $150,000 this yr, $75,000 last yr ($2mil requested) Activities: Advocacy issues and lobbies for government. Transformation of old laws. Representation in Internal Investor Roundtable (IIT) and Tanzania National Business Council (TNBC)

Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA)

TCCIA was established in 1988. Since the bulk of the manufacturing sector members broke away to form CTI over disagreements concerning the speed of economic liberalization (traders advocated quick liberalization, manufacturers advocated gradual liberalization), its members are mainly traders (import/export, etc), few agriculture enterprises and industries.

[24] For example, car mechanic courses are very popular, but car mechanics are in abundant supply and often have difficulty in obtaining employment afterwards

[25] Based on interview with Mr. F. Mgina, Labor Market Analyst, VETA, 15/02/05

In addition to support from SIDA, UNDP has recently decided to support TCCIA in creating an electronic network system to link Tanzanian businesses to other African businesses and to Asia.

Structure of institution: Nationwide offices in all 21 regions and also approx. 60 district branches, which are autonomous in their operational activities. Member of TPSF Mission: "To strengthen the private sector in Tanzania by promoting and assisting businessmen/women in their efforts to succeed." Activities: Policy advocacy, and unique issuance of "rules of origin" certificates for Tanzania Membership: 8000 members of which approx 7000 are SMEs. Donor support: SIDA (for past 9 years), before UNDP (for 4 years).

Confederation of Tanzania Industries (CTI)
As stated above, CTI broke away from TCCIA over disagreements over the speed of economic liberalization. CTI maintains a close relationship with SIDO, and the SIDO Director General is a member in the current CTI Council. CTI has recognized and has been addressing the problems faced by SMEs, which constitutes the vast majority of its members and Tanzanian economy as a whole. For example, SME Policy was initiated by CTI, who conducted a research sponsored by DANIDA, which led to the "Report on SMEs in Tanzania" in 2000. In addition, CTI has initiated a *Business Linkage Programme* where a database of SMEs (what they produce, where they produce and output levels) is compiled and similar database for large enterprises together with their supply needs are compiled. These are shared between the members with the aim to match businesses, that is, for large enterprises to source their intermediate input goods from the SMEs. Furthermore, to upgrade the quality of goods produced by SMEs, CTI has begun a human resource exchange programme between large enterprises and SMEs, *Exchange of Experts*. However, CTI itself does not have the technical capacity or the resources to efficiently run these programmes thus have expressed interests in receiving outside assistance.

Structure: Independent, self-financed, legally constituted organization. Member of TPSF Staff number: 14 (9 professional - 1 in Arusha) Budget: \$250,000 annual budget (60% internally generated from fees (\$160,000) and 40% from DANIDA) Donor support: DANIDA (until Dec 2005) Main activities: (1) Policy advocacy (conduct separate lobbying to the government from TPSF - TPSF is weak); (2) Research; (3) Conduct programmes - e.g. Business Linkage Programme Membership: 230 member corporate, mostly in the manufacturing sector and supporting industries (80% SMEs)

2.2.4 Standardization and Mutual Certification Policy

Tanzania Bureau of Standards (TBS) is responsible for the standard and quality assurance of Tanzania. It is the sole public institution that is involved with the preparation, publication and for the testing of the Tanzania Standards. TBS comes under the MIT. It was first established by an Act of Parliament Standards Act No.3 of 1975, which was amended by Act No.1 of 1977.

The main areas of activity of the TBS are: (1) preparation and publication of Tanzania Standards; (2) testing and calibration; (3) certification of products. TBS has published over 600 Tanzania Standards, comprehensive national documents prepared to specify quality requirements for the final products, test methods, labelling requirements, etc. The preparation of the Standards is conducted by highly quality technicians and academics both within the TBS and from the outside. TBS holds seven laboratories, which is used to test the product to ensure the conformity to the relevant standards (in food, textile & leather, electrical engineering, mechanical engineering, building and construction).

In terms of product certification, the Quality Department operates three types of product certification: Standards Mark Scheme, the Batch Certification Scheme and Tested Product Certification. Over the years, more than 300 products have been certified. Standard Mark Scheme allows manufacturers who have conformed to the relevant standards to use TBS Standard Mark on their products. Regular surveillance inspections are conducted. Batch Certification Scheme aims to ensure that the Tanzania market is not turned into a dumping a ground for imported inferior goods, by issuing the batch certificate where imported products comply with the relevant Tanzania Standards, or international/foreign standards recognised by TBS. Tested Product Certification is applicable for products that the TBS has not issues a standard but who complies with the requirements of the appropriate standard

The general interest towards quality assurance is increasing due to increased awareness of the Tanzanian citizens and also due to increased necessity for exporters to comply with international set standards. However, many SMEs lack the capacity or the resources to comply with these standards. In addition, it is often the case that the sectors of the SMEs activities (handicrafts, etc) are sectors without Tanzania Standards. Another problem is that SMEs often see little benefit in complying with the Standard. The reasons for this are that their operations are very small and their customer base have limited interests towards standards.

2.2.5 Local Business Promotion Policy

Since 1984, the Tanzanian Government have been embarked on decentralization and instituted the Local Government System, which attempted to loosen the grip of the central state's organs at the local level. The local governments are assigned as the main implementers of national policies, and the local governments may make by-laws to effectuate this. As a result, the local government has a modest level of policy autonomy and financial autonomy.

Regarding issues concerned with SME development, it is determined that the "local government authorities will allocate and develop areas for use of SMEs"[26]. This will be guided by the *National Land Policy 1995 (NLP)* which provides for land ownership to promote and ensure the wise use of land, guide allocations, prevent degradation and resolve conflicts. In addition, the Regional Administration and Local Government (RALG) is identified to be responsible in the implementation of some areas of SME Policy in conjunction to other government ministries and organizations (e.g. SIDO), such as market access (organization of trade fairs, business centres, etc) and access to finance.

2.3 Uganda

2.3.1 Policy, Regulation and Strategy

Currently, Uganda does not have an explicit SME Policy. Likewise, Uganda does not have an official SME definition. The Ministry of Finance, Planning and Economic Development (hereafter, MFPED) adopts the definition below, which is solely for reference purposes.[27]

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[26] SME Policy 2003

[27] Due to the lack of binding law that defines SMEs, there exist numerous other definitions categorizing the SMEs differently. For example, in the financial sector, a small-scale enterprise is an enterprise or a firm employing no less than 5 but with a maximum of 50 employees, with the value of assets, excluding land, building and working capital of less than Ushs 50 million (US$30,000), and the annual income turnover of between Ushs 10-50 million (US$6,000-30,000). A medium sized enterprise is a firm which

Category	Employees	Capital Investment	Annual Sales
Micro enterprises	Up to 5	≤US$2,500	≤US$10,000
Small enterprises	6-50	≤US$50,000	≤US$50,000
Medium enterprises	51-1,000	≤US$500,000	≤US$1,000,000

According to this definition, it is estimated that there are 800,000 SMEs in Uganda, providing employment and income generation of opportunities to low income sectors of the economy. Moreover, the turnover of a typical enterprise in Uganda is estimated at only Ushs 10 million (US$6,000) a year, signifying that most enterprises in Uganda are micro enterprises, rather than small or medium sized enterprise. [28] The focus of this report is on SMEs. Nevertheless, due to the importance of microenterprises in Ugandan economy, it can be assumed that microenterprises are included when one talks of SMEs in this section of the report, unless a clear distinction is made.

There are, however, several policies that directly relate to the SME development in Uganda. The country's development and industrial promotion strategy is specified in the long-term national strategy, "***Uganda Vision 2025***" drafted in 2000. Under this framework, the government has formulated the "***Medium-Term Competitive Strategy for the Private Sector (2000-2005) (MTC)***", which aims at providing an enabling environment for the private sector including those in the SME sector. However, the main focus of the MTC was to achieve privatization[29]. Another policy framework relevant for the SME development is the "***Poverty Eradication Action Plan (PEAP)***". The PEAP establishes the strategy for poverty eradication as being through modernization and employment. Goal 1 of the four goals identified in this Plan is the creation of "framework for economic growth and transformation", that is, poverty reduction through economic growth and structural transformation. This naturally leads to an emphasis on private sector development, particularly in the rural areas.

As the privatization process enters its final stage in Uganda, the government has begun to focus on the development of the newly formed private sector, and this leads to a natural progression to the discussions of SME development. The economic structure in Uganda is polarized into a small number of larger medium-sized enterprises and a vast number of microenterprises. Thus assistance to improve the general level of microenterprises is warranted to mitigate impediments to industrial development. In addition, the international community is increasingly emphasizing the role of SMEs for job creation and poverty reduction. Thus, a policy framework to foster a vibrant SME sector is considered the country's next development stage.

2.3.2 Financial Assistance System

Since the post-1992 reforms in the financial sector, progress has been made in strengthening and deepening the financial system. Progress was also made in creating a better institutional framework and satisfactory financial regulations. This can be seen in the drafting of the ***Financial Institutions Bill 2002*** and the ***Microfinance Bill*** by MFPED.

There is also a number of support programs aimed at building capacity of financial institutions,

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employs between 50-100 workers. Other characteristics have not been fully developed (Definition adopted by Bank of Uganda. See L. Kasekende and H. Opondo (2003), "Financing Small and Medium-scale Enterprises (SMEs): Uganda's Experience, Bank of Uganda Working Paper WP/03/01, Nov.).

[28] Based on an interview with Mr. Festas Ssenkumba, MSE Policy Unit(MSEPU), MFPED, 31/01/05

[29] Based on an interview with Mr. Joseph Kitamirike, Department of Industry and Technology, MTTI,01/02/05

which the Bank of Uganda operates. These include the ***Export Credit Guarantee Scheme*** (launched in 2000 to support the export of non-traditional products originating Uganda with 35% Ugandan content), ***African Rural and Agricultural Credit Association***, ***Rural Financial Services Component*** (DANIDA founded), ***Capacity Building Programme*** (to build capacity of micro-finance institutions in rural areas).

Despite these efforts, Uganda's financial system and the banking sector are not very well developed. First, the financial depth is low with broad money's share of only 13% of GDP. Second, the financial system provides domestic credit of only 13% of GDP (compared to the African average of 56%).[30]

The financial market is dominated by the 15 commercial banks (mostly foreign-owned), while other financial intermediaries are limited in numbers, small and ineffective. Additionally, Uganda has neither an industrial nor an agricultural bank. Banks invest heavily in Treasury Bills issued by the Bank of Uganda (central bank). These carry attractive interest rates, so that banks are able to earn high returns. On the other hand, this becomes a strong disincentive for banks to extend their activities (advances and loans) to the private sector.[31]

Strong urban bias in financial service provision remains. They are concentrated in Kampala and a few other towns. This is illustrated by the fact that 50% of commercial bank loans to the private sector are given to the trade and service sector, with import financing being the most important lending activity. On the other hand, the size of lending to the agriculture sector is small, accounting for about 10% to total lending.[32] Recognizing this, microfinance institutions have been trying to step in where the existing financial institutions ceased to operate. There are more than 500 branches of different institutions nationwide, serving about 550,000 clients, with a loan portfolio of 53 billion and savings balances of 65 billion.[33]

Given the underdevelopment of the financial sector, SMEs in Uganda generally have difficulty in obtaining the necessary loans for working capital and investment. Strong SMEs tend to be located in urban and peri-urban centres and are usually registered. This category of SMEs usually looks to the banking sector and other financial intermediaries for instruments to finance working capital and to provide credit for short-term liquidity management, however, often fail to access the financial resources in the required amounts.

One of the main constraints for the SMEs is that the banks require accurate financial and accounting records for the last three years. These are rarely available for SMEs in Uganda. In addition, loans are of a short duration, normally less than 5 years and the average interest rate is way above inflation rate at around 20% and is sometimes as high as 80% for some microfinance institutions (MFIs). It has also been pointed out that Ugandan-owned firms sometimes appear less likely to obtain credit than foreign-owned firms do.[34]

Weaker, smaller SMEs or micro enterprises which are often based in rural areas face an even bigger constraint in trying to finance their business activities. To assist these SMEs in very

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[30] Kappel, R. J. Lay and S. Steiner (2004), "The Missing Links – Uganda's Economic Reforms and Pro-Poor Growth", Report commissioned by GTZ, Germany

[31] Kappel, R. J. Lay and S. Steiner (2004), ibid.

[32] Kappel, R. J. Lay and S. Steiner (2004), "The Missing Links – Uganda's Economic Reforms and Pro-Poor Growth", Report commissioned by GTZ, Germany

[33] Based on interviews with Festas Ssenkumba, MSEPU, MFPED, 31/01/05

[34] Mugume, A. and M. Obwona, (2001), "Credit Accessibility and Investment Decisions in Uganda's Manufacturing Sector: An empirical Investigation", African Review of Money Finance and Banking, Issue 2001

tough situations, the government supported and pressed the microfinance industry to augment its outreach. ***The Uganda Microfinance Outreach Plan (2001)*** envisages that these institutions serve about 1.3 million clients in 2005. However, due to the small deposit base and small loan portfolio of typical microfinance institutions, they have limited application for SMEs even in rural areas.

To complement the government efforts, the Bank of Uganda operates a number of credit schemes, which provide loans to SMEs through licensed banks. They include[35]:

- ***Apex Private Sector Loan Scheme (APEX)***: funded by EIB, designed to provide working capital for SMEs in manufacturing, agro-processing and services, including tourism. The normal loan size is between EUR 50,000 to EUR 2m and the duration is between 5 and 12 years.
- ***Export Refinance Fund (ERF)***: designed to provide working capital in support of non-traditional exports
- ***Development Finance Fund (DFF)***: established mainly to support production in agricultural sector. It is however currently being phased out due to its poor performance

In addition, there are a number of sector-specific credit schemes. The ***Distressed Flower Project Fund (DFPF)*** is aimed for flower firms and the ***Cotton Sub-Sector Development Project (CSDP)*** was administered in the past.

2.3.3 Status and Major Issues of SME Promotion Organizations

Two ministries are relevant for the purpose of SME development. These are, namely, MFPED and the Ministry for Tourism, Trade and Investment (hereafter, MTTI). Currently, the Micro and Small Enterprise Policy Unit (MSEPU) of the MFPED is responsible for the issues concerning the micro and small enterprises from the micro-level and the Department of Industry and Technology of the MTTI is primarily concerned with issues of macro perspectives, such as the industrial policies. Middle and large enterprises issues normally fall under the MTTI arm. Historically, both ministries have alternately been involved with the SME sector for some time. Until 1998, the Enterprise Development Section which overlooked enterprises of all sizes was placed in the MTTI, but this was transferred to the MFPED in 1998. This section has not been performing very well particularly at dealings with the larger enterprises and thus MTTI has been dealing with issues in these larger enterprises. To increase efficiency by making one ministry responsible for all enterprises, there has been some movement to bring back some sections of the MFPED to the MTTI and merge the two resources. This proposal has been submitted by the MTTI and is awaiting approval by the Cabinet.[36]

Under the MTTI, there are numerous autonomous bodies, and these bodies are also financed by the ministry's budget of US$4 million (FY 2004 estimate[37]). Under the Department of Industry and Technology of MTTI, for example, these autonomous bodies include: Bureau of Standards, Industrial Research Institute and the Management Advisory Centre.

As stated in the Policy section (2.2.1), the Government of Uganda is starting to show a strong interest in SME development and is moving towards formulating an explicit SME Policy to address the problems in the SME sector. In this regard, MTTI has requested assistance from

[35] Bank of Uganda. See L. Kasekende and H. Opondo (2003), "Financing Small and Medium-scale Enterprises (SMEs): Uganda's Experience, Bank of Uganda Working Paper WP/03/01, Nov.

[36] Based on an interview with Mr. Joseph Kitamirike, Department of Industry and Technology, MTTI,01/02/05

[37] Based on an interview with Mr. Joseph Kitamirike, Department of Industry and Technology, MTTI,01/02/05

UNIDO to research the SMEs and is independently also conducting a field study to determine the current situation and problems of SMEs. The results of the research are due to come out by mid 2005 and the Government has plans to use this research result as basis of policy formulation. To fully benefit from these studies and to enhance SME development in Uganda, a clear roadmap of the Government for the future actions in relation to SME development will be required which specifies the roles of the MTTI and the MFPED in connection to SME development. In this regard, the Department of Industry and Technology in the MTTI currently only employs three professional staff and do not have sufficient experience in policy formation. Thus, the issues of capacity development for effective SME policy formation and implementation have begun to arise.

1) Government Organisations

Uganda Industrial Research Institute (UIRI)

UIRI is a parastatal institution under the auspices of MTTI, formally established by the Act of Parliament in 2002. The institute was established through grants from Republic of China and thus most equipment and machinery are those from China.

Mission[38]: (1) to improve the capacity and competence of indigenous entrepreneurs in undertaking viable industrial production processes, and increase their ability to produce high quality marketable products, through research, training and technical know-how;
(2) to provide demand driven scientific industrial R&D and internationally competitive technical services that will lead to rapid industrialisation for the benefit for the people of Uganda.

Vision:[39]:to be the model institution and a central of excellence, for incubation of industry and a pioneer for self-financing R&D to elevate the level of technology in Uganda and the region.

Funding: Employees salaries from the MTTI, operational costs raised from internal revenues (e.g. run training courses, rent out laboratories/plants and equipments/machineries for a fee)

Donor support: Individual projects support attained from DAO, World Bank, IICD (Netherlands) etc. Equipments and machineries are donated by the Republic of China

Activities: (1) ICT dissemination – established 3 partner tele-centres nationwide; (2) Pilot meat processing scheme (3 years) to develop products for internal and export market; and (3) training programmes for students and for entrepreneurs (especially targeting the women and microenterprises)

Focus areas: Food Science Technology (processing dairy, meat, bakery, and fruits and vegetable products), Ceramics, Engineering and Manufacturing

Although it boasted excellent facilities at the time of establishment, lack of adequate funding has meant tarnished or depleted equipments are not replaced. In addition, the facilities are under-used. Machineries in place tend to be large and expensive, thus are often not applicable to SMEs, who would otherwise have interests towards expert training and laboratory experiments.

Management Training and Advisory Centre (MTAC)

MTAC business development services (BDS) provider and was established by the Act of Parliament No. 29 of 1969 and is under the MTTI. However, it was initially established as a joint project between the Government of Uganda and ILO/UNDP in 1965. Its main operational aim is to develop entrepreneurial skills through training services. It also conducts consultancy services and research to the public and private sector.

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[38] Based on Uganda Industrial Research Institute brochure obtained during the interview

[39] Ibid.

As regards enterprise development, MTAC has a Micro and Small Enterprises Development Unit (MSEDU) run courses aimed for potential and existing entrepreneurs. However, this unit is not very successful in attracting trainees. The cost of the course has been identified as the main obstacle for many of the would-be-trainees.

Makerere University Business School (MUBS)

MUBS is a constituent college of the prestigious Makerere University. It has a specialised unit established in 1997 called the Enterprise Centre which offers courses focused at creating entrepreneurs.

It activities include:

1. Training for existing entrepreneurs: 13 courses run per year with a fee. Each course averages 20 students aged 20-40. The popular course is the Customer Care course Ushs 30,000 (US$ 18) for a 5 day course
2. Graduate-Introduction-Employment Programme: University course with a 6 months employment placement. Popular course run for 7 years. Approximately 30 elite students a year
3. Guarantee-into-Business Programme: Aimed at fostering entrepreneurs but with little success. Most do not start-up business after the training course but enter into hired employment (due to high start-up costs) – incubation is warranted
4. Student research support – Research internships in enterprises e.g. Citibank

Nakawa Vocational Training Institute (NVTI)

NVTI was established in 1971 as one of the three vocational training institutes in the country. It is under the guidance and supervision of the Directorate of Industrial Training (DIT). Its mission is to produce highly skilled craftsmen/women needed by the expanding economy using minimum resources. The institute has received technical assistance from JICA from the start and is still on-going.

2) Private Organisations

Uganda National Chamber of Commerce and Industry (UNNCI)

UNNCI is an umbrella organisation of the private sector, established in 1988. the role of UNNCI was legitimized and reinforced by the Parliament Act No. 7 in 1997.[40] It has more than 6000 members and operates nation-wide branches in all 56 districts. It claims that its mission is "to support the economy through advocacy for sustainable policies and programmes." [41] It also issues certificates of origin for export purposes, and hold seminars and training courses for members.

Uganda Private Sector Foundation (PSFU)

PSFU was established in 1995 by the initiatives of 9 business associations, in response to the need for private sector organisations to collectively interface with the government and development partners.[42]The membership has since grown to nearly 50. The government awarded the mandate to manage US$12 .4 million credit provided by the World Bank, thus became the implementing agency of the 5 year Private Sector Competitive Project (PSCP). It manages several programmes to support enterprise development.

<u>Business Uganda Development Scheme- support for small enterprises: BUDS-SSE</u> is a cost share grant project funded by the EU. The scheme provides financial assistance for eligible

[40] UNCCI brochure
[41] Ibid.
[42] PSFU website (http://www.psfuganda.org/)

costs associated with training business development services through a cost sharing arrangement. It is a 3-year project that started in 2001 with a total project of Euros 700,000, and has assisted 300 enterprises from 25 districts, with an estimated 1,500 beneficiaries.

There are other membership associations such as the Uganda Manufacturers' Associations (UMA) and Uganda Small Scale Industries Associations (USSIA). Many of these associations have ties with the donor community and backing from the government. However, the secretariats of many of these associations are very small and in some associations, there is a lack of full-time staff altogether, which limits the ability to provide effective services to their members

Enterprise Uganda
Enterprise Uganda was established in 2001 under the framework of UNDP Enterprise Africa regional initiative. It provides Business Development Services (BDS) through counselling or providing advisory services and through training.

Uganda Gatsby Trust (UGT)
UGT is a NGO, established in 1994 through Gatsby Charitable Foundation in the UK, which was created by the Salisbury family. Through savings and credit schemes, UGT finances entrepreneurs operating in value-addition sectors. It also functions as a BDS provider through training and extension services. It has strong links with Makerere University.

2.3.4 Standardization and Mutual Certification Policy

Uganda National Bureau of Standards (UNBS) is responsible for setting and monitoring standards. UNBS was established through the Uganda National Bureau of Standards Act 1983, and begun its operations in 1989. It is a statutory body under the MTTI and the National Standards Council (which is made up of 12 council members) is the supreme organ of the UNBS appointed by the MTTI.

Structure: 106 staff members, which Quality Assurance Division employs approximately 30 branches nationwide.
Funds: 56 billion Ushs. (approx. US$33 million) – 39 billion Ushs (approx. US$ 23 million) in facilities expenses. Source: 85% from the government, 15% internal revenue.
Donor Assistance: In the past UNBS has attracted assistance from international donors such as UNIDO, UNDP.
Activities: (1) factory/product auditing; (2) market research and (3) technical assistance and advisory services

Despite a well-defined framework for standardization in Uganda through UNBS, its operations have not been very effective. Funding is partly to be blamed. A number of programmes were unimplemented. Moreover, UNBS only made partial payment of the annual subscription fee of US$ 8,000 to the International Standards Organisation (ISO). UNBS consequently became a non-member of ISO and also risk pulling out of African Regions Standards Organisation due to insufficient funds.[43] UNBS has blamed the MTTI for the lack of serious commitments towards development and enforcement of high standards of products.

2.3.5 Local Business Promotion Policy

Decentralization has been one of the key reforms for the Government of Uganda. Decentralisation Policy was officially launched by the President in 1992 and the policy was

[43] New Vision news article "UNBS Fails to Pay ISO", 16,02/05

framed in law via the constitution of 1995 and the Local Government Act 1997. This legal framework facilitates full political and administrative decentralisation with fully empowered local councils in existence by 1997. Under this framework, the district level and the sub-county units have full responsibility for the provision of most public services. However, in practice, line-Ministries have a great deal of influence over the type and quantity of services delivered locally.

Some 30% of the national budget is presently executed at the sub-national level, mostly in the form of grants to be channelled in key Poverty Eradication Action Plan (PEAP) sectoral priorities including health, education, roads, water and agriculture. Thus, the local government has focused on providing basic infrastructure. In relation to SMEs and the policies for private sector development, most effort is conducted at the national level rather than at the sub-national or regional level.

2.4 Ghana

2.4.1 Policy, Regulation and Strategy

1) National Board for Small-Scale Enterprise Act 1981

SME promotion or development policy in Ghana has a relatively long history. By 1981, ***the Act 434*** entitled ***the National Board for Small-Scale Enterprise Act 1981*** was enacted to establish an apex body for the development of small-scale industry in Ghana, under the umbrella of the Department of Trade and Industry. This act has provided the new agency (its name was changed later to National Board for Small-scale Industry: NBSSI) with the function to establish the criteria that constitute a small-scale enterprise, and to identify and define the types of small-scale enterprises in the country. Since then, NBSSI has reviewed the criteria from time to time, and hence the definition of small-scale industry with reference to the situation in Ghana[44]. However, there has never been an explicit and single SME policy or strategy, to which NBSSI should follow and implement, and this situation has not basically changed so far.

2) Integrated Industrial Policy for Increased Competitiveness

There has been an attempt to establish the SME policy by the Ministry of Industry of Trade and Industry, who has the overall responsibility for SME sector that includes policy development, implementation, planning, monitoring and evaluation. With the support of UNIDO, ***Integrated Industrial Policy for Increased Competitiveness*** was drafted in 2002. Part III of the policy was titled "Micro and Small Enterprise Policy Paper", which included the statement about the relation between micro and small enterprise (MSE) policy and the other upper strategy, ***the Ghana Poverty Reduction Strategy (GPRS)***, rational, objectives and guiding principles for MSE policy, situation of the MSE sector in Ghana, institutional arrangements, and program of action and implementation. Following the government endorsement of this paper, action plan should have been implemented, however, this has not realized yet, and the focus of the MSE policy seems to have moved to ***the Private Sector Development Strategy***.

3) National Medium Term Private Sector Development Strategy 2004-2008

[44] Present definition is as follows:
Micro enterprise: not more than 5 employees nor capital asset 10,000USD (including land and buildings).
Small enterprise: 6 ～29 employees or capital asset not more than 100,000USD (including land and buildings).

The purpose of this ***Medium Term Private Sector Development Strategy*** is to clarify the respective roles of the State and of the private sector, to set out a prioritised, costed and sequenced Action Plan with clear targets and milestones, setting out the steps to be undertaken by Government and private sector stakeholders, and to present a coherent institutional framework for implementing the Strategy[45].

As clearly illustrated in the Strategy, the Strategy adopts the policy commitments made in *GPRS*, and the ultimate goal of the Strategy is poverty reduction. 80% of poverty in Ghana is in rural areas. It is concentrated amongst subsistence farmers. Geographically, poverty is focused in the north of the country, where there is limited non-agricultural private sector economic activity. Over 40% of Ghana's population live in the urban centres of Accra, Kumasi, Sekondi-Takoradi and Tamale. It is here that most non-household, non-agricultural private sector activity is centred.

The Strategy also recognizes the preponderance of informal micro and small enterprises, and states that the government's policy is to remove barriers to formalization for them and to address constraints that have a particular impact on informal enterprises. Based on this recognition, but expanding the focus to the whole private sector, the Strategy analyzes the serious and fundamental constraints for the private sector arise because of the costs imposed on businesses by the government, that is, poor service delivery and too much bureaucracy. Therefore, improving the operation of the market at a national level is supposed to improve competitiveness and thus enhance access to global and regional markets.

As the Strategy aims to alleviate constraints for all levels of the private sector, on the condition that most firms are micro or small enterprises, it has no specific Action Plans for MSEs. Actions planned are based on the Strategic framework to achieve the following four outputs:

- Output 1: Ghana's position in global and regional markets enhanced,
- Output 2: Efficiency and accessibility of national markets improved,
- Output 3: Competence and capacity at the firm level increased,
- Output 4: Government's private sector policy formulation, implementation and monitoring and evaluation strengthened,

Among these, plans to Output 2 and 3 include particularly MSE related actions. With regards to the Output 2, various public sector institution reform programs are listed, containing review of tax policy and administration, including local government taxes and charges, in relation to micro and small enterprises, especially those operating on a semi-formal basis. Land administration is also to be reviewed in the light of the importance of property lights to micro, small and medium enterprises. With regards to the Output 3, the Strategy requires the government to take moderate or market-based approach to firm-level interventions. One of the suggested actions is to develop a "best practice framework", on BDS for MSEs or others, against which firm-level initiatives may be judged including identifying priority interventions where there are market failures.

4) President's Special Initiative (PSI)

President's Special Initiative (PSI) is the program to promote particular sectors, which have abundant domestic resource, possibilities to export, job-creating effect by backward and forward linkages. Cassava, oil palm, salt, textile and apparel are selected as those industries. Although PSI does not necessarily target MSEs, they will benefit as the consisting member of those sectors from the programs such as infrastructure development, training and technical support,

[45] Government of Ghana, *National Medium Term Private Sector Development Strategy 2004-2008*, December 2003.

marketing, and sometimes financial support. In the case of PSI on oil palm, the program for the initiative is to put under cultivation, about 100,000 hectares of land initially, and later increase to 300,000 hectares to meet both local and external demand. The strategy will be based on nucleus, small holder and out grower farms.

While PSI has been conducted within the discretion of Ministry of Trade and Industry, it has just been moved to the Ministry for Private Sector Development by the President's mandate, as its new additional mission. Accordingly, the Ministry for Private Sector Development has to cover small industries which are involved in the industrial sectors targeted by PSI. The Ministry of Trade and Industry also has to review the missions of the public institutions under its umbrella, to meet this organizational mission transfer.

2.4.2 Financial Assistance System

Financial services for SMEs in Ghana are provided by commercial banks, Rural and Community Banks, Non-Bank Financial Institutions (NBFIs), and the semi-formal and informal financial organizations. From the viewpoint of commercial banks, SMEs are regarded as risk ventures, having no books, less intention for business development, thus are "difficult" clients to lend money to. Therefore, they prefer short-term loan, requiring stringently collateral of at least 100% of the value of the loan, and high interest rates of presently more than 20 %.

Some of the more structural reasons in these poor lending conditions are pointed as follows[46]:

- Crowding out by the public sector. High domestic borrowing by the Government to fund the budget (5% of GDP) has absorbed a large proportion of available domestic resources and contributed to high interest rates.
- Limited monitoring of debtors, poor enforcement of collateral, and lack of enforcement of lender's rights for fuller disclosure of financial information has led to the prevalence of loan default.
- Issuance by Government of large quantities of very high yielding bills to meet fiscal requirements provides banks with inexpensive and unlimited loans through central bank discount facilities so that inter-bank borrowing and lending are unattractive. However, the government recently introduced long-term index linked bonds to stem its borrowing of short-term funds from the money market with the aim of releasing resources for the private sector.
- High levels of involvement of the state in the banking sector is also highlighted as a factor driving up interest rates. Although only 3 of the 17 banks operating in Ghana are state owned, there are high levels of state involvement in most banks.

In these poor conditions, government financial schemes and donor facilities are indispensable for SMEs. The government facilities are mainly provided by NBSSI. ***The Program Of Action To Mitigate The Social Cost Of Adjustment (PAMSCAD) Credit Line For Small-Scale Enterprises***, which was created with Japanese funding, loans up to 2 million cedis (about 220 USD), on the condition of 20% of interest rates, 1 year of payment period, no collateral but with two guarantors. ***The Revolving Fund*** is the loan up to 5 million cedis (about 560 USD) under the same conditions. These loans are distributed and collected by commercial banks. ***NBSSI-GTZ Fund*** (called as ***"SPEED"***) is the pilot project executed in the Greater Accra Area and Kumasi city. The German government and the Ghanaian government has jointly set up the counterpart fund in 1995 and started the program with the disbursement by commercial banks. The Program is now at the second phase, aiming to expand the Fund to up to 10 million euro.

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46 Ministry of Trade, Industry and President's Special Initiatives, *Ghana Trade Policy Background Paper,* March 2004.

Other than the above NBSSI schemes, the government has set up Export Development and Investment Fund and Trade and Investment Program Fund (TIP Fund). Moreover, international financial institutions and donor countries are contributing to various financial facilities targeting various groups and industrial sectors by different conditions through local financial institutions[47]. Concerning loan guarantee, there is one guarantee company, Eximguaranty Company (Ghana) Limited, incorporated in 1994 as a privately owned limited liability company. The shareholders are Bank of Ghana (BOG) with the majority shares, Social Security and National Insurance Trust (SSNIT), National Investment Bank (NIB), and the Trust Bank (TIB). This company provides credit guarantee (to cover 75% of loan amount) and export insurance to existing enterprises particularly medium and small, with total fixed assets (excluding land) not exceeding 2 million USD and micro or owner operated enterprises with total fixed assets (excluding land) cost exceeding 100,000 USD.

These financial assistances by the government and donors are not supposed to fundamentally relieve severe financial constraints for MSEs as already mentioned, and there are opinions asserting to set up a new and independent financial institution focusing the MSEs[48].

2.4.3 Status and Major Issues of SME Promotion Organizations

SME (MSE) supporting mechanism in Ghana is divided into three categories – 1) public mechanism, 2) quasi-public mechanism, and 3) private consultancy. One could also add, 4) donor coordinating mechanism to these categories.

1) Public mechanism (government organization)

NBSSI provides financial and non-financial support to all MSEs (excluding farmers) through 10 regional offices and 40 district offices. The district offices include Business Advisory Centers (BACs), both of which provide BDS as training, advisory and consulting, mainly utilizing professional consultants and BDS providers. BACs also function as the implementing bodies of Rural Enterprise Project, which aims to reduce poverty through improvement of MSEs' productivities in rural areas. This project is promoted by the Ministry of Environment and Science, with the support of IFAD and AfDB. NBSSI recognizes the needs for capacity building, not on particular techniques or skills, but on the overall capacity as a BDS provider. They sometimes participate in training programs in India and Korea. In financial term, they are supported by the German Development Service (DED) on some programs including credit scheme.

Ghana Export Promotion Council (GEPC) is the export promotion agency of the Ministry of Trade and Industry, with a particular focus on the promotion of non-traditional exports. GEPC registers as members more than 3,600 enterprises involved in non-traditional export business, of which 80 % are small and medium enterprises. GEPC is conducting Export Development Program（Export school）in major cities, and Export Promotion Village Scheme, which is a kind of group marketing promotion for rural firms.

2) Quasi-public mechanism

EMPRETEC began in Ghana in 1990 as a project of the UNDP, with the seed capital of 700 thousands USD. The initial focus was building skills of entrepreneurs by providing training in

[47] Information on financial products supported by international donors are compiled "Loan Products Summary for Ghanaian Banks and Financial Institutions" by the Africa Project Development Facility (APDF).
[48] The Honorable Minister of Trade and Industry is the one who insists to set up such institution.

improving the entrepreneurial and functional management competencies needed for growth. The program has since been developed further to include financial services along with a comprehensive range of consultancy and other advisory services aimed at improving the operational efficiency and profitability of enterprise. During this process, ENPRETEC was transformed into a Foundation mainly consists of the Government fund, and it has merged projects for several donors.

The Ghana Regional Appropriate Technology Industrial Service (GRATIS) was set up in 1987 to provide much technical support to MSEs. Functions of GRATIS include development and transfer of appropriate technology, demonstration of new marketable products and processes, training of masters and apprentices, facilitation of equipment, borrowing purchase and working capital, and provision of business advice and collaboration with clients on turn key packages.

3) Private consultancy (private organizations)

The Association of Ghana Industry (AGI) was established in 1958, as a NPO organizing local manufacturing enterprises. It has now an active membership of 300 enterprises, made up of small, medium and large-scale manufacturing industries, and support service industries such as transport, construction, utilities, information technology, telecommunication, banking and advertising. AGI serves as the central organization for the promotion of Ghana industry and seeks to influence of legislative and other public measures that effect industrial sector. It provides various services including policy advocacy and advisory service, market development/clinic, industrial sub-contracting, management training, business plan preparation, export market promotion, organizing exhibitions and trade delegations, information gathering, analysis and dissemination (setting up 'Trade Information Point'), etc. AGI receives financial and technical support from a German NGO, and utilizes outside resources including NBSSI.

Ghana National Chamber of Commerce and Industry (GNCCI) was established in 1961, as the executive instrument of amalgamated Chambers. It has about 2,000 registered member companies, comprised of various sectors and sizes of companies, including manufacturing, banks, insurance companies, tourism, ports and shipping, agriculture and fishery, construction, civil engineering, professional services, transport, export, ICT, etc. As the GNCCI's only requirement is a qualification of legally registered business establishment in Ghana to gain its membership, multinational companies like TOYOTA, Shell, and Boeing are involved in the GNCCI. Under its mission "to be the partner of choice and voice of the business community", GNCCI seeks to promote the interest of member companies and organizations, in providing following services including: human resource development, trade fairs & exhibitions, information & research, export development, business missions, match-making, consultancy, advocacy, and business support services. For SMEs, which occupy about 65 % of the member companies, GNCCI provides various workshops on financing, managerial skills, business ethics, export cost and pricing, human resource development, office management, etc. As unique programs for SMEs, it is developing the Trade Opportunity Management System, which promotes larger companies' procurements from SMEs, and the Business Tour, which organizes 15 to 20 SMEs to visit SME related government agencies to disseminate their services. GNCCI points out the low interests among SME owners on human resource development and other mid-long term business development issues.

Private Enterprise Foundation (PEF) is a non-political organization founded 1994 by AGH, GNCCI, the Ghana Employers Association (GEA), Association of Federations of Ghanaian Exporters (AFGE), Association of Bankers (GAB), and Ghana Chamber of Mines (GCM). Initial funding for the establishment was provided through USAID grants and contributions from the government of Ghana, UNDP and DANIDA. Its mission is to service the development needs of the private sector by influencing government policies and regulations in order to create an enabling environment for a private-sector led economic growth strategy and national development. PEF operates in four main areas, namely: policy research/advocacy, contract management services, institutional capacity development and training, and promotion of technology based industries. Under its Business Promotion Programme, PEF facilitated the training of over 1,000 entrepreneurs in accounting, marketing and environmental management in order to improve the management efficiency of the SME sector. It also promotes the Business Partnership Initiative, a specialized committee of PEF composed of a group of ten multinational and local companies, to improve the overall business environment.

The Association of Small Scale Industries (ASSI) was established in 1992 to supervise and coordinate micro, small and medium enterprises, which are not yet well established, but still lacking for financial and technical support. ASSI had organized individual entrepreneurs into several sectoral groups in national levels, then provided technical, managerial trainings, and advocacy services. However, because its main sponsor (German NGO) has shifted to other organization, ASSI has now stopped its activity, and is trying to restructure the organization.

4) Donor coordinating mechanism

As clearly recognized in the Ghanaian government's ***Medium Term Private Sector Development Strategy,*** the importance of SMEs (or MSEs) in the achievement of broader development objectives including poverty reduction and economic development is also widely recognized by international donors. Thus, a number of donors and international organizations have rushed into this sector to conduct various programs through Ministries, government agencies, quasi-government agencies and private organizations, to the extent that they require coordination. **The Africa Project Development Facility (APDF)** is a multi-donor funded facility that provides support to the development of African SMEs with demand-driven services, in collaborating with stakeholder institutions such as the World Bank, Multilateral, Bilateral and Multinational Corporations, International Financial Institutions and other International Agencies/Organisations to develop, implement and manage development programmes. APDF has conducted a survey to provide a sourcebook of information on existing and planned donor funded activities and programs in Ghana with a view to facilitating the efficient use of funds, informed program design/implementation and increased donor collaboration. According to this sourcebook, there are 37 capacity building, 1 environment, 13 financial, 4 governance and policy reform, and 4 management consulting programs[49].

2.4.4 Standardization and Mutual Certification Policy

The Ministry of Trade and Industry illustrates the situation and problems of standardization and mutual certification in Ghana as follows[50]:

"Certification and approval of standards is undertaken by two bodies in Ghana, Ghana Standards Board (GSB) and the Food and Drugs Board (FDB). Most standards are based on international equivalents and so are consistent with obligations at WTO and are not perceived as a barrier to trade. However, there are problems over duplication of functions of the enforcing bodies GSB and FDB who are both mandated to approve, enforce and certify locally produced products and imports in relation to SPS and technical standards due to inconsistency in laws. This has created confusion at an institutional as well as firm level.

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[49] APDF, *Survey of Donor-Funded Programmes and Activities in Ghana (Source Book: Private Sector Programmes) for the Africa Project Development Facility & Ministry for Private Sector Development*, October 2003.

[50] Ministry of Trade, Industry and President's Special Initiatives, *Ghana Trade Policy Background Paper,* March 2004.

One major concern over the application of standards in Ghana is that local producers complain that they are subjected to more rigorous inspection than imports because it is presumed that imports are superior in quality and standard to local products. In addition, many products produced locally must comply with standards which are simply not applied to imports. For example, local textiles are required to meet certain standards regarding width of cloth etc., yet this is not enforced on imports which enter in various widths.

Exporters are increasingly facing SPS and standards in their international markets. The ability of Ghanaian companies is constrained by their understanding and awareness of the measures and requirements for compliance. Awareness is only part of the solution as often, when new regulations in foreign markets are established, GSB are unable, due to lack of equipment and resources, to apply the appropriate tests regarding compliance. Furthermore, mutual recognition and accreditation is also a problem in certifying some products for export markets".

The National Medium Term Private Sector Development Strategy also points out that there is an urgent need to develop cost effective, responsive and efficient mechanisms for delivering quality standards services to the private sector[51]. Existing capacity is limited, and spread around a number of institutions. In this context, the Strategy states that the efficient and cost effective provisions of testing laboratories, which are currently provided by both GSB and by commercial laboratories, are also in need of consideration. Furthermore, there is an urgent need for laboratories to gain international accreditation.

2.4.5 Local Business Promotion Policy

The most important policy initiative for local business promotion is the Rural Enterprise Development Programme (REDP), conducted by the Ministry of Trade and Industry. REDP, started from 2003 as preparatory phase, is to promote indigenous products by selecting three potential products from each District. As a result, 330 products in total will be selected from 110 Districts throughout the country. It is supposed that 95 % of them will be agricultural and forest products, due to the predominant resource allocation in Ghana. In this program, enterprises and/or farms committed to produce such selected products is to be organized into a unit called "Corporate Village Enterprise" (COVE), which is expected to become the body to finance, purchase materials, and deal with larger companies.

As REPD is promoted in the collaboration between the Ministry and the Districts Assemblies, there supposed to be a consideration on, or coordination with, the MSE promoting programs to some extent. However, there are no explicit or well-defined coordinating schemes or mechanisms found between those programs.

2.5 Nigeria

2.5.1 Policy, Regulation and Strategy

Definition of SME adopted by the Nigerian government is shown in the table below, both number of employees and capital investment in machinery are considered as criterions for judging the classification of SME. Bankers Association (BA) uses more simple definition based only on size of capital (except for land) and this definition is widely accepted in the private sector, including MAN &NASSI. According to the definition of BA, small enterprises are

[51] Government of Ghana, *National Medium Term Private Sector Development Strategy 2004-2008*, December 2003.

those with a capital of N1.5 to 49million, and medium enterprises are those with N50 to 200million.

	Employees	Capital Investment in Machinery
Cottage/Micro industry	Not more than 10	Not more than N1million
Small-Scale industry	Between 11 and 35	Above N1million but not exceeding N40million
Medium-Scale industry	Between 36 and 100	Above N40million but not exceeding N150million
Large-Scale industry	Over 100	

National Economic Empowerment and Development Strategy (NEEDS)

Nigerian Government considers that SME promotion is to be one of the core policies to increase employment for young generation and emphasizes it in the "National Economic Empowerment and Development Strategy (NEEDS)". NEEDS set the policy target year of 2015 to promote SME to activate long stagnant economy and fight against poverty in Nigeria. NEEDS declares that "if the private sector is to become Nigeria's engine of growth, its motor needs to be primed" and "the government has to make certain fundamental change to create an environment in which business will thrive" as "many of Nigeria's laws and regulations stifle private enterprise" and that "the primary goal of the NEEDS strategy is to build a private sector that can take advantage of the opportunities that abound in the domestic, regional and global markets".

The policy of the government of Nigeria for the development of Nigeria's industry is to promote local products to increase export as well as to substitute increasing inflow of imported goods by local products. For this purpose, the government states in the NEEDS to improve quality of products and to protect local patents through reviewing industrial standards, and to rely more on local resources and less on imports by empowering "indigenous small and medium-size enterprises by imposing minimum quotas for local produce in tendering and procurement process".

2.5.2 Financial Assistance System

NEEDS discussed the need to increase access to credit by strengthening the Bank of Industry and other special-purpose finance institutions such as the Nigerian Export Import Bank, the Nigerian Agricultural, Rural, and Cooperative Bank to provide concession loans and credit guarantee scheme, and by strengthening legal and institutional framework for the operation of microfinance institutions as well as removing constraints to implement the Small and Medium Industries Equity Investment Scheme (SMIEIS) and make it applicable even for informal sectors.

SMIEIS by the Central Bank of Nigeria (CBN)

CBN introduced SMIEIS in 2001 and has been supporting strengthening the financial structure of SME. The SMIEIS is a voluntary initiative approved by Bankers' Committee in 1999: under this scheme, all banks in Nigeria are required to set aside 10% of their profit before tax for equity investment in Small and Medium Industries (SMI), 6% in real sector and 3% in service sector and 1% for micro credit. Activities to be covered by the scheme are defined as bellow, the definition of which looks like rather wide and flexible:

- agro-allied,

- information technology and telecommunication,
- manufacturing,
- educational establishments,
- services that directly related to production in the real sector or to enhance production,
- tourism and leisure,
- solid minerals,
- construction,
- any other activity a s may be determined from time to time by the Banker' s Committee

There are additional requirements to become an eligible enterprise of the scheme: companies are requested to have a maximum asset of N200million excluding land and working capital with number of employee not less than 10 and not more than 300. The enterprises must be registered as a limited liability company with the Corporate Affaires Commission and comply with all relevant regulations of the Companies and Allied Matters Act, 1990, comply with all applicable tax laws and regulations and render regulars returns to the appropriate authorities. Government allows banks contributing to the scheme to enjoy 100% investment allowance, reduced tax paid by SMI to 10% and provide 5 years tax holiday to the SMI. CBN is to monitor the implementation of this scheme and the scheme is to be reviewed after five- year term.

Banks invest the fund in equity of SMI and will exit after three years participation in the enterprise. CBN is to review the performance of banks 18 months after the introduction of this scheme. If banks have not fully invested the allocated fund, CBN takes over the remaining balance and freeze it by investing in government bonds (interest earnings from the bonds are also taken over by CBN) as penalty.

This scheme allows SMI to have low cost finance, as they are not required to pay high interest rates to banks for borrowing. However, actual equity participation ratio as of end of 2004 was only 36% of the total fund amount. Several reasons can be identified: needs to comply with prudential regulations to avoid a surge of new non-performing loan, difficulties to let SMI be listed after three year-term (three year is too short for SMI to become a listed company in stock exchange), many SMIs are reluctant to have share holders from outside the company and intervene the management. Because of these reasons, the fund is not yet fully in use, although banks have excess liquidity and trying hard to find some eligible clients.

Bank of Industry (BI)

Bank of Industry was established in October 2001 by merging three government organizations, namely, Nigerian Economic Reconstruction Fund, Nigerian Industrial Development Bank and Nigerian Bank of Commerce and Industry, as a wholly public owned bank. 60% of its shares are owned by the Ministry of Finance and 40% by the CBN. BI is in charge of extending financial assistances to the economy with lower interest rate but in fact, the majority of the financed projects are fairly big and the percentage of loans to SME is rather small. Although BI has been trying to increase its assistance to SME from the establishment of BI in 2001 until the end of 2004, BI received 600 applications for loan from SME but could approve only 37. BI sometimes accept guarantee scheme to borrowers. Major constraints of BI lie in getting reliable information on bankable and viable companies. The capacity of staff is limited and BI is in need of wider range of support by eligible BDS providers for checking business plans, application forms and business conditions of applicants. BI have had certain range of success for getting credit line from banks abroad such as AfDB and some European banks. BI is also negotiating with SIDA and UNIDO for support for staff trainings and capacity building for its staffs.

The Agriculture Credit Guarantee Scheme Fund (ACGSF)

The fund was introduced in 1978. The paid up share capital was N2.25billion as of end 2003. CBN paid N1.2billion and the government was to pay the balance. In 2003 the board of the ACGSF approved the participation of fully licensed community banks to operate under this scheme and during these years, 24,303 loans, in total N1.2billlion, were guaranteed.

Micro-Finance and other financial support

Law on Microfinance activities is already drafted and now is under discussion in the National Assembly. Some ministries and associations consider it necessary to enhance mutual type financial institutions and expand support for micro level activities in the country. CBN has been supporting bank merger to increase the size and capability of extending loans of banks.

Industrial associations such as Nigerian Association of Small Scale Industrialists (NASSI) and National Association of Cottage Industry of Nigeria (NACIN) is considering starting mutual finance scheme to support their members, because banks' capacity to extend support to SME is very limited.

The government studies the possibility of introducing a guarantee system for SME finance, and desire assistance for management of the guarantee scheme. Development of the interbank market, currently very much limited to only a few banks, will also help banks have wider opportunity of fund placement, increased refinancing possibility for clients and lower the cost for lending.

Capital Market

Nigeria Stock exchange is in operation and recorded a significant growth in both primary and secondary market including investment from abroad. But from the SME finance point of view, new companies who could graduate from incubation and be listed is still very rare, because financial term of SMIEIS is too short (3-4 years) and there are many cases that clear exit policies were not prepared. Forming a basket of shares of several companies and make an investment fund or bundling shares and form a debentures might be an idea to allow SME to raise fund from capital market.

2.5.3 Status and Major Issues of SME Promotion Organizations

To enhance government's support to the SME sector, the Small and Medium Enterprise Development Agency (SMEDAN) was separated in June 2003 from the Ministry of Industry and given the status as the national focal point for policy making for SME promotion. New organizations such as the Presidency (in charge of informal sector), and Federal Ministry of Intergovernmental Affaires, were created to focus more on enhancing supports for smaller industrial sectors and young people.

SMEDAN

The government has prepared a set of regulatory frameworks and regulations. But while SMEDAN is discussing to create job information centers, MOI and NASENI has already set incubation centers in 7 states where job information dissemination activity is included as a part of its functions. Additionally, MOI and SMEDAN have implemented industrial parks. As for the job creation center, FMIA and the Presidency also have the same kind of idea. Ministry of Women's Affaires is also engaged in job creation activities. As for industrial park, some states, too, have been constructing industrial parks and export processing zones. Researches and trainings have been undertaken by many organizations such as NASENI, NOTAP, MOI, MOELP, EPC and industrial associations, but all of these efforts are not necessarily coordinated with each other well. Many ministries are also discussing the necessity to have some financial supports for SME and micro financing schemes have been started with the participation and support by relevant ministries. Under such circumstances, it is important to avoid overlapping and duplications in policy making and monitoring. Thus, an introduction of efficient coordination mechanisms and allocation of resources into strategically prioritized issues are urgently required in Nigeria. It is desirable that SMEDAN takes the leadership for such coordination. In fact, SMEDAN organized an advisory board for policy formulation, inviting representatives from relevant ministries and institutions, including the Central Bank, Ministry of Industry, Ministry of Commerce, Ministry of Science and Technology, Chamber of Commerce and Industry, NACCI and NASENI. But SMEDAN is a newly created organization and is in need of strengthening its capacity through staff training, information collection and analysis for making practical plans and efficient coordination among relevant authorities.

There is no comprehensive statistics that gives information about activities of SME in Nigeria. Preparing a reliable database of registered companies, conducting company surveys from time to time with wider coverage will be an efficient means to deepen understanding of government policy makers in current business situation of SME. Studying best practices in other countries will help SMEDAN have a clear image of what kind of measures are most feasible for Nigeria in relation to SME promotion.

The Presidency (Informal Sector)

The Presidency who is in charge of the Informal Sector was established by the president's instruction in July 2004. It established a committee for policy planning, inviting representatives from Ministry of Industry, Ministry of Science and Technology, Ministry of Finance, ministry of Agriculture, together with representatives from the private sector, as well as international donors such as UNDP, UNIDO, and the World Bank. It is now on the way of formulating a policy target and a policy statement. It is considered that economic importance of the informal sector may be about 60 to 70 % of GDP, but no statistics or surveys exist. In this connection, conducting periodical census survey will be necessary for understanding current situation and activities of the people in the informal sector. The Presidency expressed its willingness to get any advice from abroad, including sharing knowledge and experiences with Asian countries such as the Philippines, Indonesia, Thailand, for conducting some surveys and to find the way how to encourage people in the informal sector, help then to be well established and become a member of the formal sector.

The Ministry of Inter Governmental Affaires (FMIGA)

MIGA was first established in Lagos in 1996, then moved to Abuja as a section of the Ministry of Labour, then transferred to the Ministry of Women's Affaires, then to the current ministry in 2003. The foundation is not yet solid and FMIGA is facing difficulties to increase budget allocation for developing meaningful policies. Its main target is to increase employment for young people. For this purpose, FMIGA has been organizing training seminars for trainers. It has a plan to establish Youth Resource Centers in several states as the skill-acquiring centers and give training to young people in fishery, poultry, piggery etc. and find them employment. FMIGA also has a plan to develop micro-finance activity with the help of international donors. FMIGA is also in charge of programming exchange of young people through sports and cultural events within the ECOWAS. Some activities by FMIGA should be more closely cooperated with other ministries, such as Ministry of Employment, Labour, and Productivity, The presidency, SMEDAN, Ministry of Industry, Ministry of Commerce, etc. Major concerns are the lack of funding and how efficiently make coordination among relevant ministries.

The Ministry of Employment, Labour & Productivity (FMELP)

FMELP's responsibilities are to ensure clear and fair labour practice in Nigeria through monitoring minimum wages and employment conditions, pension premium, and conducting arbitral procedure for labour dispute, as well as to organize training courses for labours. To conduct efficiently vocational trainings is one of the focused policy target for the FMELP. FMELP also reviewed pension system and enacted New Pension Act in 2004. Under the former system, government managed the pension fund. Under the new scheme, the Nigerian Social Insurance Trust Fund (NSITF) was established and private companies with more than five employees should designate a pension administrator and entrusted management of its pension fund to the administrator. Its activities are closely related to those of the Ministry of Women's Affaires, Ministry of Sport & Social Development, FMIGA, the Presidency and, central and local governments. FMELP once organized an inter-ministerial coordination meeting in 2000 and feel the necessity to organize such meeting again.

Nigerian Investment Promotion Commission (NIPC)

NIPC was established in 1995 by the Act No.15 to be a one-stop window for facilitating matching domestic companies with investors from abroad. Companies from abroad are requested to register at the Corporate Affaires Commission under the Ministry of Commerce. Last year, NIPA has started a new Micro Credit Scheme after holding discussions with the World Bank. The uniqueness of this project is in inviting private organizations as executing bodies and extending comprehensive support for small and micro industries through them. Support are given in the area of (a) access to finance, (b) BDS services with trainings, (c) improved investment climates by discussing with relevant authorities to simplify procedure of approvals for investment, to create centers for mediation, arbitration, or commercial courts, (d) assistance for public private participatory framework development and (e) feed back process to realize more efficient policy formulation. Such institutions as ADB, DFID and USAID are cooperating with the World Bank. NIPC expects to have wider range of supports especially for formulating sector-wise strategic plan to develop Nigeria's industry or plan to develop clusters in Nigeria.

Nigerian Export Promotion Council (NEPC)

NEPC has an incentive (grant) scheme for Export Promotion from 1988. An amount equivalent from 5 to maximum 30% of the exported goods (value added), based on the percentage of local contents, will be refunded to the exporters (a certificate is issued by the government and it can be used as a means of settlement for investment or expenditure related to the increase of capacity for export).

It also prepared a tax reduction scheme, awarding export-contributed enterprises of the year, supportive measures concerning technological development, including wrapping, marketing and information dissemination and training seminars, together with supplying export-import credit by EXIM Bank of Nigeria with favourable interest rate. International traders and private companies claim the time-consuming customs clearance procedure and higher costs sometimes necessary to push bureaucratic procedures.

NEPC is closely cooperating with relevant ministries such as the Federal Ministry of Science and Technology, FM of Women's Affaires, Customs Service, Ministry of Transport and with private sector such as commercial centers and export production villages to increase exports. The Council's current concern is how to coordinate efficiently with other ministries and institutions to avoid policy duplication.

National Agency for Science and Engineering Infrastructure (NASENI)

NASENI is established in 1992 (by Decree No.33) under the responsibility of the Federal Ministry of Science and Technology. NASENI has set up seven centers in the country to develop technology and skill in strategically important sectors, such as (i) engineering materials, (ii) industrial and analytic chemical materials, (iii) scientific equipment and components for education, research and industry, (iv) engineering accessories, (v) power equipment, (vi) mechanical engineering tools and (vii) commercial designing. The centers give training courses for university graduates and serve as the incubation centers for entrepreneurs (for three years) before starting new companies. They serve as an intermediate between entrepreneurs and financial institutions. NASENI considers it necessary to modernize its equipments and machines, including Information and Communication Technologies (ICT), to level up the quality of technological support, establish good coordination mechanism with other relevant ministries and institutions. NASENI said that they only received limited supports from UNESCO and some donors on bi-lateral basis and expressed its willingness to accept further supports, for example, in the form of exchange of personnel with centers in other developing countries such as Egypt and Thailand or inviting lecturers and advisors from them for developing supportive facilities to SME more efficiently.

Nigeria Association of Small Scale Industrialists (NASSI)

NASSI is an NPO, established in1978, under the supervision of the Ministry of Industry, having its head office in Lagos, four zone offices and 37 Chapters with about 20,000 members in Nigeria. The association has been supporting its members through organizing training courses, advising wrapping technology, marketing and management, etc with the assistances from UNIDO, UNDP, ILO and some other foundations in Europe. It has four big Committees, namely committee for Finance, Monitoring, Settlement, Membership and Workshops & Seminars, to plan specific supportive activities. According to the board members of the association, members of the association has frequently raised the following issues as their constraints to continue their business in Nigeria: (i) difficulties in getting loan from banks, because of shortage of collaterals, including inappropriate valuation of collaterals that derives from lack of reliable market pricing information, (ii) lack of appropriate size of lands to settle their factories (it is indicated that although government is developing technological park and industrial parks/villages, the size of one lot is too big for the majority of the member-SME), (iii) lack of steady supply of electricity and water (electricity supply is often stopped suddenly in the width of production process without any prior notification. They requested government to concentrate more on developing such facilities as electricity and water supply, transportation, and storage yard or warehouses, saying that the private sector could manage the needs of capacity building and technological training, marketing, advertising and even finding some source of finance. In fact, the association prepared a mutual finance mechanism by themselves with some guarantee scheme for capital participation to its members.

Manufacturers Association of Nigeria (MAN)

MAN was established in 1971. The membership of MAN is open to companies with more than 20 employees and now has about 2000 manufacturing companies as its members. The National Council is organized which meets quarterly to discuss activities to promote its missions of developing information dissemination and monitoring and coordinating business activities in each industrial sectors. It is collaborating with UNIDO for receiving technical assistances for strengthening private sector, including development of information center.

National Association of Cottage Industry of Nigeria (NACIN)

About 70% of informal sector is considered to be the cottage industry (annual turn over less than 70,000$). NACIN has long been active in supporting approximately 50,000 members by supplying localized machines with technical training, marketing, advertising characteristic products, and helping management of members. It has started a challenging project by establishing a joint venture company, the Cluster Development & Services Industry Ltd. that will develop industrial zones with a set of infrastructure, electricity and water supply, road, warehouses, training center, etc. with just the size for member companies. Government supports NACIN for finding land to realize the idea at lower cost. The company also intermediates matching between possible investors and companies who are ready to accept capital participation from abroad. It already sent about 10,000 questionnaires and accepted the express of interest for investment from 6,000 investors, whereas about 300 companies list who are ready to accept capital participation or to sell the company to the investors. NACIN is considering establishing a micro-finance company for members, putting importance for the scheme of mutual support in technological aspects rather than financial support. NACIN is actively advertising in the UK, South Africa and India. In addition to this capital participation scheme, NACIN also has a guarantee scheme for the borrowing of member companies from the Community Bank. NACIN wishes to receive support from international organizations or donors for funding and knowledge sharing, although it emphasizes the importance of self-management and entrepreneurship of each company.

The Lagos Chamber of Commerce and Industry (LCCI)

LCCI was established in 1888 and is one of the oldest chamber of commerce and industry in Africa with the largest number of members. Membership of LCCI is divided into three categories of company, “A” members for oil industry, banks and multi-national companies, “B” for medium enterprises, and “C” for small enterprises. It organizes coordination meetings to make recommendations toward government, including lobbying activities and councils with other industrial associations such as MAN and NASSI to discuss policy coordination and other industry promotion related issues. LCCI started supporting BDS from 1996 by establishing a BDS Unit in the organization and prepare training course with the help of GTZ. 256 people graduated the training course and helping enterprises at fee base. Nevertheless how to improve the efficiency of business services is one of the keen issues because SMEs have problems in solving (i) difficulties in finance, (ii) improve technical competence and (iii) improve marketing know how.

2.5.4 Standardization and Mutual Certification Policy

The Standard Organization of Nigeria (SON) was established in 1971 (Act No.56). Its governing body is the Nigerian Standards Council. It has 15 offices, including head quarters and laboratory in Nigeria. By setting standards, SON has been contributed to quality assurance, safety assurance, waste management and cost reduction of Nigerian producers. SON is also working for harmonizing Nigerian standard with that of US and European standards. Facing a rapid inflow of Chinese products to the domestic market, government sees the increasing importance of establishing internationally acceptable standards and implementing them efficiently. SON maintains regular contact with local manufacturers through MAN to discuss current market situation and the needs for implementing standards.

SON investigates consumer complaints and provides feedback and information to producers. SON carries out registration of both local and imported products and provides data and inventory of products and their quality parameter.

SON carries Export Expansion Scheme cooperating with NEPC, Nigerian Customs Service and CBN through which importers may claim repayment of import duty paid for materials used in the production of goods exported.

Nigerian Office for Technological Acquisition & Promotion is in charge of registration and protection of trademark and patent of goods from abroad. Ministry of Commerce is in charge of registration of local patent. But the coverage of registration is still limited and it is necessary for authorities to enlarge the coverage and improve timeliness of registration operation and information dissemination using ICT.

2.5.5 Local Business Promotion Policy

Under the NEEDS, government and key beneficiaries are requested to work, for the first time in Nigeria, to develop sector-wide strategies for key sectors. Each state drafts its own SEEDS, and the local level LEEDS, which identifies the propriety of programs for key areas of development. NEEDS coordinates action with SEEDS and LEEDS, and connects problems with the programs at the federal and state governments.

About 38% of population lives in urban areas because of the greater opportunities for employment. Increasing inflow of population into urban area has deteriorated employment ratio in urban area and shortage of social infrastructure. Making non-urban areas sufficiently attractive for employment is the one of the core policy of the government to tackle with this problem, by supporting agriculture and micro-industries in local area with better road and reliable supply of water and electricity. It is necessary to reallocate resources from the national point of view, because big differences in income can be observed in Nigeria.

There are several sultan states that have fairly strong independency with the Islamic system. To realize policies stated in NEEDS, government emphasizes the importance of coordination among the federal government, the states, and the local level for achieving the national development goal. National Economic Council and the National Council on Development Planning constitute an integral part of the implementation, monitoring, and evaluation framework.

2.6 Cameroon

2.6.1 Policy, Regulation and Strategy

Debt relief settled and that leads the Government to start preparing policy-making framework for Cameroon industry and SME promotion.

Government organization was widely rearranged in December 2004 after the Presidential election in October. Le Ministère de Petites et Moyenne Entreprises, de l' Économie Sociale et de l'Artisanat (MPMEESA) was established in December 2004, which was previously a department of the Ministère du Développement Industriel et Commercial. Discussions on policy making for promoting SME in Cameroon have just started, inviting relevant ministries under the leadership of MPMEESA. As no official definition of SME is decided yet, banks continue to use the definition shown below. The Chamber of Commerce uses a more simplified definition and recognizes companies whose annual sales are lower than 2 billion FCFA as SME. Tax offices use their own definition.

	Employees	Capital ownership	Capital Investment
Very small enterprise	10	35% of ownership by nationals	10-100 million FCFA
Small enterprises	11-19		
Medium enterprises	20-250		

Note: 1$=475FCFA

Having rich natural resources but a small domestic market, Cameroon government started to pursue an export-oriented development strategy. However, no specific law that focuses on SME promotion has been enacted except the Investment Chart, which was revised two years ago. The Investment Chart is a law to promote investment from abroad as well as domestic investment. It gives higher emphasis on strengthening competitiveness of enterprises in Cameroon. It mentioned a plan to set up an inter-ministerial council, including some participants from private sector but the council is not yet established. The central bank, the BEAC Cameroon, does not prepare any specific financial support that focuses on SME promotion. Instead, the bank is preceding restructuring of the banking sector by supporting bank mergers. There are many areas that are in need of renovation and arrangement but supports from donors are still limited and not coherent and cooperative. Absence of strong leadership of the government and lack of governance invites wider range of corruptions and hampered the efficiency of support from donor community. Human resource development and capacity building in policymaking is the most urgent area to be supported. Concerted action by donors will be highly desirable.

2.6.2 Financial Assistance System

Financial sector have been supporting Cameroon economy fairly well and played an important role to sustain industrial activities in Cameroon although its funding capacity is still limited. Banks extend loans and capital participation for a longer period than Nigerian banks do: seven years and more in some cases whereas in Nigeria the term is generally only three to four years. It is said that about 500 microfinance institutions have been already operating in Cameroon but no reliable statistics and information is available yet. Considering such circumstances, Ministère des Finance (MOF) started to require operating NGO in micro financing to be registered by the end of year 2005.

National Investment Corporation of Cameroon (SNI)

SNI was established before the crisis of 1985 as a 100% government owned banks with a capital of 22 billion FCFA. SNI extends loans and financial services on commercial basis but the activities should be audited by the government. Special supportive measures have been prepared by the government such as (i) CAPME (Centre d'Assistance pour PME), which extends favourable loan to SME for preparing feasibility study of a project with a capital of 100,000FCFA, (ii) Banque Camerounais pour le Dévelopment supports small and medium industry (SMI) by capital participation and/or loan, (iii) Fond Guarantie pour SME (FOGAPE) give banks guarantees for commercial lending, and (iv) Project finance by SNI. SNI established the SME Division about two years ago and started to increase assistances to SME.

It is now planning to establish a subsidiary that will supply business-developing services. The company is expected to intermediate banks and borrowers by helping borrowers prepare reliable feasibility studies, collecting and disseminating information with advices, supporting management by sending expert if necessary, and facilitating some guarantee scheme for loans, if required.

SNI has a policy to support enterprises with longer-term facilities mainly with capital participation. It has partnership agreements now with about 35 enterprises. SNI requires more than 34% of shares of the company to have an influential status to the management of the company. It already received assistances from UNIDO, Canadian Centre de Creation d'Entreprise, etc. to enhance its capacity to be an incubator for export promotion from Cameroon. But SNI wishes to have credit line from more correspondent banks and increase its funding capacity. It is also in need of assistance for training its staff.

Afriland First Bank (AFB)

The bank was established in 1987 with the mission of helping SME by supplying full range of services and solutions for them: develop good business culture, support and strengthen the entrepreneurship. It has 13 branches in the country and nine overseas branches or subsidiaries. AFB made correspondent agreements with seven foreign internationally active banks. The bank already set up a BDS team inside the bank, allocated eight personnel and starts to assist borrowers by helping them make feasibility study and business plan, strengthen managing capacity through supplying information and giving advices in marketing. The bank prefers to have equity participation first, then make loan to answer the borrower's need of working capital. Capital participation will be terminated in seven-year-term and the bank will sell back shares to the owner of the company (it will make loan to the owner if necessary). The bank considers it necessary to clearly differentiate responsibilities of government and that of private sector; government should invest more to prepare better infrastructure such as road, electricity, legal framework and safety net in financial sector as well, whereas private sector should take the lead to develop entrepreneurship.

Venture Capitals

Three Venture Capital Funds are operating now in addition to the venture fund type funding scheme supplied by SNI: CENAINVEST (invests maximum 150 million FCFA for one company), PRO-SME (invests maximum 200million FCFA), and Central African Growth Fund (invests 500thousnad Euro plus loan up to 100thousand Euro). The placement term is generally up to 7 years and the company will be required to buy back the shares at the end of the investment term.

Constraints of SME Financing in Cameroon

Banking sector is short of funding resources because of closure and liquidation of local banks during the mid 1990s. All the remaining commercial banks now operating in Cameroon are foreign banks. Majority of bank loans are in short-term and do not necessarily match the needs of SME for longer-term loans.

2.6.3 Status and Major Issues of SME Promotion Organizations

Before December 2004, there were four departments that were in charge of making industrial policy in Cameroon: Direction de l'Industries, du Commerce, de Prime Industrie, de Petites et Moyenne Entreprises. In December, the four governmental departments remerged into three ministries, Ministère de l'Industrie, Minstère du Commerce and Ministère de Petites et Moyennes Entreprises de l'Économie Social, et de l'Artisanat (MPMEESA).

MPMEESA is paying much attention to elaborate policies for preparing a good environment for developing economic activities in the country and to support artisans and SME. It has financial supportive measures. The first policy target of MPMEESA is to be a one-stop-window for companies by supplying information on technology, marketing, training and finance. It is now studying the most applicable definition for SME. Government has been developing Free Zones, Industrial Parks and Special Industrial Free Zones (SIFZS), to prepare good infrastructure and invite enterprises to invest.

Ministère du Commerce (MC) is in charge of developing legal infrastructure for export promotion, information dissemination to domestic enterprises as well as foreign enterprises. It is also planning to establish l'Agence de Promotion d'Export to promote exports and is waiting for approval from the Cabinet. MC is also promoting capacity building in accounting, management related area by organizing seminars, and preparing teaching materials for vocational schools. It also has a plan to establish a center for information dissemination and facilitation of marketing and looking for assistance from donors.

Ministère de l'Industrie, des Mines et du Dévelopment Technologiques (MIMDT) is drafting the new Charte des Investissements, by revising the current Code des Investissements, but as it takes time to prepare necessary regulations for its implementation, target date for implementation of the new Charte has been postponed by two years (renewed target date for implementation is mid 2008). MIMDT has the need for assistance for following issues:
(i) Enhancement of training and capacity building especially in establishing industrial standards and to comply with internationally acceptable quality requirements
(ii) Support to introduce a reliable quarantine system
(iii) Supply of financial assistances to SMI for enhancing its production capacity

Many SME entrepreneurs suggested that government officials have very limited understanding about current business situation of SME and mentioned the necessity to deepen their knowledge about business and current situation of SME. International donors are emphasizing the importance of eliminating corruptions and establishing good governance as the prerequisite conditions for economic development of the country and start to consider governance issues as a condition for giving assistances to Cameroon.

Inter Ministerial Committee (CIESP)

CIEP is the vehicle to have concerted opinion and actions between the government and the private sector. It has a committee of competitiveness to make recommendations for preparation of favourable environment to develop business activities. But contribution of CIEP was not so active and it needs to be enhanced to serve as an influential vehicle for policy making of the government. The concept of public private partnership (PPP) could be a practical model for strengthening its competence.

Associations

There are seven major associations supporting SME, among which GICAM is considered to be the most powerful and active association. Government pays high attention to Textile industry, Agro-business industry and New Technology industry, which could be an engine of Cameroon economy.

Characteristic activities of some of the major associations are as follows:

Chambre de Commerce, Industries, Mines et l'Artisanat (CCIMA)

CCIMA was established in 1921 and membership is mandatory for any registered enterprises or companies in Cameroon. The specific missions of CCIMA are the consultation with the government and information dissemination. It serves as an observatory and council for the government in relation to business development, support entrepreneurs for conducting business including technical assistances. CCIMA has an information center for information dissemination.

Groupement Inter-Patrona du Cameroun (GICAM)

GICAM was established in 1957 as one of the oldest association in Africa, and is the biggest association in Cameroon with 218 membership companies where nationals hold more than 20% of shares. It also accepts membership of labour unions and even individuals. Such wide range of membership gives GICAM stronger status and it plays as a leading organization to do lobbying to the government. GICAM already established the Business Advisory Service group to support member companies and starts to help applicants for bank loans. It receives supports from such organizations as GTS, AFD, ILO, and APDF.

Fédération Nationale de PME (FNPME)

FNAP was established in 1988 and has 29 sub-associations and 500 membership companies. Among 29 sub-associations, AGROCOM, FEPEC and ACIM are the three biggest sub-associations. The federation requires membership fee from member enterprises together with receiving financial supports from the government and UNDP to cover a part of its cost for operation. FNPME considers that capacity building and facilitation of finance should be the major policy targets for SME promotion.

AGROCOM

AGROCOM is a NPO established in 1994 succeeding a part of functions of National Center of Promotion of Export operated under the supervision of the Ministry of Commerce (Decree 95/134). It has now 100 companies and organizations as members centring on agriculture and agro industry: among the members, there are 35 associations of agriculture products, 21 traders, and 15 food processors. Main constraints of AGROCOM is timely information sharing with members

Entreprises Cameroun (EC)

Entreprise Cameroun was established in July 2004 under the initiative of the regional office of UNDP for implementing the Programme Entreprise Afrique. The missions of the Programme Entreprise Afrique are to facilitate and coordinate supportive activities in private sector and to promote competition in Sub Sahara African region. It facilitates business links between African enterprises and its trade partners, and advices governments for making policies to promote private sector inviting synergetic approach of government and private sector. Cameroon is the fourth African country that accepted this UNDP’s initiative and established EC. EC is now trying to promote a new generation of dynamic entrepreneurs in Cameroon through capacity building in trade, finance, technology and management. Targeted companies are SME with an annual turnover between 50 and 100million FCFA, and permanent employees from 5 to 100. In 2004, EC selected 24 entrepreneurs who have a track record of more than three years of managing an enterprise and is providing advice using consultants to support them. EC is planning to select 200 enterprises for year 2005 to continue the support.

2.6.4 Standardization and Mutual Certification Policy

MIMDT is in charge of standardization in Cameroon by putting importance in the following three requirements: (i) comply with sanitary needs, (ii) increase international competitiveness, and (iii) increase exports with improved quality. MIMDT defined 233 standards based on the European standard, 161 of which is food and beverage. It is planning to introduce ISO 9001 and anticipate Cameroon enterprises to comply with the standard, as only 12 industrial products currently comply with the standard. MIMDT thinks it necessary to try to adapt to the new standard of Euro Environmental Programme & Good Agricultural Practices in line with the European countries that are going to apply the new standard by 2008. MIMDT received about two weeks training in 2003 from the French Association for Standard and is requesting further training and supports from UNIDO, FAO and WTO.

2.6.5 Local Business Promotion Policy

Cameroon government started to implement decentralization policies about three years ago considering the necessity to respect cultural diversity, self-discipline for policy making in local area and to allocate budget with better matching with local needs. However, planning and implementation of the plan is not coherent.

Some local governments have implemented supportive measures such as setting information center with the help of donors. But there is no systematic coordination mechanism yet for SME policy making as well as implementation between central and local governments. Projects to develop Industrial Parks and Special Industrial Free Zones are under construction but still very limited, financial network is under developed especially in local area except some microfinance activities. Activities to support SME have been implemented mainly under the initiative of private sector and associations.

3 Major Findings

3.1 Policy and Regulatory Framework

South Africa

Policy and regulatory framework on SME of South Africa is simple but, in a sense, complicated. When one looks at the aspect that South Africa has just one Strategy (The White Paper on National Strategy for the Development and Promotion of Small Business 1995) and one Act (The National Small Business Act 1996, without counting for the Amendments), it is a simple framework. On the other hand, when looking at another aspect that there is no Policy specific to SME (or SMME), other than Strategy, but SME related policies are dispersed to various strategies (Microeconomic Reform Strategy, Integrated Manufacturing Strategy, BEE Strategy), and have been implemented by various agencies, it looks rather complicated. The recent organizational reform to establish SEDA is an attempt to simplify the complexity of organizational framework. As for the policy framework, the government, mainly the DTI, is preparing for “Integrated Small Enterprise Development Strategy”（Vision 2014）, which is to replace the existing Strategy. This should be more “integrated” to include all the relevant Strategies and policies, and clearly stipulate the framework and structure of SME development policies and regulations.

Tanzania

The policy frameworks for SME development are relatively well established in Tanzania. The country has formulated a SME Policy together with a plan of action for the implementation of the Policy. Nevertheless, its implementation has so far lagged far behind what was anticipated. This is due to the government budget allocation and donor assistance in this country, which is primarily based on the PRSP. In this regard, Tanzania has recently formulated a new PRSP, which is due to come in effect this year. This NSGRP puts economic growth (through private sector development) back in the development agenda for Tanzania. One can therefore be optimistic as regards to the future implementation of the Policy. Thus, assistance towards Tanzania should be focused and directed at specific areas of SME development that is consistent with the strategies of both the SME Policy and the NSGRP.

Uganda

Uganda does not have an explicit SME Policy. In terms of SME development, there are several policies that are relevant. These are, namely, MTC and PEAP. As Tanzania's medium-term industrial policy, MTC has a macro-perspective and focuses on creating an enabling environment for the private sector. It also maintains a strong emphasis on privatization of Tanzanian industries. On the other hand, PEAP has a micro-perspective, and advocates the development of mainly micro- and small- enterprises as means for poverty eradication. In recent years, there is recognition that these two policy frameworks are insufficient and that an explicit SME Policy formulation is required for private sector development in Uganda. The government, together with some donors has started work in this area and thus, one can expect a policy framework or a strategy to be formulated aimed at SMEs in the future.

Ghana

In Ghana, the situation is slightly similar to South Africa. It does not have a particular SME policy, in spite of its relatively long history of SME development. One could say that only one Act (NBSSE Act, 1981) has substantially controlled SME supporting system. Present SME (or MSE) policies and strategies are included in the Private Sector Development Strategy. But in Ghana, private sector is mostly composed of SMEs, when a small number of multinationals and national enterprises are excluded. Thus, consistency between those policies and strategies is supposed to be maintained, in particular, from the viewpoint of the poverty reduction. While the consistencies between SME/Private Sector Development Strategy and Rural Enterprise Development Program, and President's Special Initiative are not clear, this does not seem to be a serious problem.

Nigeria

Legal framework and institutional supports are relatively adequate although capacity building and strengthening infrastructure development is still required. SMEDAN was separated from the MOI to be an independent and major policy making body to promote SME. But SMEDAN is, together with newly established FMIA (Youth Development) and the Presidency (Informal Sector), still on the way of transition. Thus, it needs to develop know how and have efficient tools for understanding current situation of Nigerian SME correctly for their policy making.

Some overlapping and duplications can be seen among relevant ministries because they all wish to have a set of policies and organizations under each responsibility. More efficient coordination is required among related ministries/agencies such as MOI, MELP, FMIA, NEPC and NASENI. It would be better for SMEDAN to take a lead of coordination works.

Cameroon

Cameroon has just started to intensify its efforts for trade expansion and investment promotion. In this regard, institution building and planning policy measures is the first policy target of the government. Urgent needs are recognized in infrastructure development, capacity building, establishing good governance and eliminating corruption. Studying best practices already observed in local industries such as textile, wooden craft, charcoal and food will be very important for identifying needs of SME and planning supportive measures that will best match for local entrepreneur's needs.

The government should focus more on planning and implementing supportive measures, especially for infrastructure development to assure enterprises steady supply of electricity, water and efficient means of transportation, and on revising and enacting promptly laws and regulations to secure fair competition in the market. An intensive capacity building and deep involvement of number of junior officials in reviewing and making policies will be the most practical way for the government to grade up the efficiency of policymaking.

3.2 Implementation

South Africa

As noted in the policy and regulatory framework, in South Africa, complexities and inefficiency of SME policy implementation stem from overlapping and mal-coordinated programs conducted by various agencies have been a serious problem. Establishment of SEDA is expected to improve this situation, on the condition that it could get better known by entrepreneurs. However, SEDA has to tackle with a more fundamental problem of improving the quality of technical support. As long as it is a government agency functioning as "wholesaler" of BDS, there is a limit for SEDA and other government agencies to directly improve the quality of the services provided through BDS providers. One alternative is to provide more money to SMEs in the form of subsidies or credit facilities so that they could afford more expensive but better BDS. Another one is to improve the level of training institutions for BDS providers. South African government seems to be taking the former alternative, although there are certain opinions to insist the necessity of technological improvement. The both approaches are supposed to be necessary.

Tanzania

Aid harmonization is very advanced in Tanzania, and the international donor community is pushing for a total elimination of project assistance in favor of program assistance. Thus, it is vital that assistance towards Tanzania is complimentary to other donor efforts and that project assistance fits into a bigger program. In addition, the Government has started to show strong leadership in terms of its own development path and the required strategies to achieve it. Thus, in Tanzania, the overriding needs identified for donor assistance is in financial assistance. The Government views that with enough funds, it is able to implement the remedies identified in the SME Policy or improve the facilities and hence the main problem for SME sector development is no longer technical assistance or the lack of "soft" capacity.

Nevertheless, this study identified some areas where technical assistance is warranted. For example, there were some demand and supply mismatch in the labor market for young adults, as discovered in VETA. VETA may benefit from technical assistance in order to identify the labor market needs better.

Assistance towards SIDO to scale up its operations is also recommended. SIDO has been the main government organization for the promotion and assistance for Tanzania's SMEs. However, the scale of the intervention has been kept small, focusing its targets on small enterprises. Often small enterprises have difficulty in accessing funds or finding customer base when they wish to scale up its operations. This is an area where SIDO's operations may be expanded to.

Uganda

With the absence of an explicit policy for SME development, SMEs are promoted in an ad-hoc manner through the many BDS providers both at the private and the public domain. There is need for a formation of an explicit SME policy so that a comprehensive SME development package can be formulated. As already stated, the Government recognizes this and it is moving towards the direction of creating one in the future. A creation of a clear roadmap for future actions can be useful in this regard. Policies as regards to industries or the private sector have been primarily identified at the national level in Uganda. A future SME Policy will most certainly be created at the national level, in other words, by the central government. Thus, foremost importantly, human capacity development for central government officials in order to endow them with the necessary skills and knowledge to formulate a SME Policy for Uganda is required.

In parallel to a comprehensive SME package, strengthening of public BDS providers is warranted. One way may be to assist the Makerere University (MUBS)'s Enterprise Development Center, to offer training courses aimed at three countries in the region, Uganda, Tanzania and Kenya. Due to its regional reputation for excellence, MUBS is in a unique position to offer such course. It was identified that Uganda has many technical BDS providers both in the public sector and the private sector, such as MTAC and Nakawa. Tanzania also has VETA, providing technical support for existing and potential entrepreneurs. MUBS on the other hand could provide training in areas such as management skills, business skills and accounting knowledge. This will be complementary to the technical support provided by technical BDS providers. In addition, the regional emphasis will increase ability for entrepreneur's to be geographical mobile, which will be beneficial under increased regional integration under EAC.

<u>Ghana</u>

The problem identified for South Africa also applies to Ghana, although there are little duplications between the government agencies programs. In the context of SME (MSE) assistance, NBSSI, EMPRETEC and GRATIS are the main pubic and quasi-public players. They are supposed to provide good assistance with each covering different target. However, in Ghana, much like the case for South Africa, main providers of BDS are not government agencies, but private consultants, NGOs or NPOs. There are the same opinions with South Africa that if you could get more financial support, you could afford better BDS. But when one looks at the fact that a Japanese expert send to NBSSI is highly appreciated by MSEs, as pointed out later in the SME Management section of this report, technological support can be presumed to be still viable. At the same time, from the viewpoint of diversification of exporting market for MSEs, information and know how to access market in Japan and Asian countries, which are relatively unfamiliar to Ghanaian entrepreneurs, would be useful instruments for BDS providers.

<u>Nigeria</u>

After establishing national development plan (NEEDS), the government adopted multi-faced policy of import substitution and export promotion in order to reduce poverty and to enhance youth employment, by promoting investments to improve productivity in agriculture and manufacturing industry. NIPC, the special institutions for promoting investments, was established in 1995. Efforts such as establishing a One-Stop-Window for inviting FDI and export promotion system are forward-looking. However, mismatches of conditions of loan, term of investment, and size and cost of land are observed between the policy measures by the government and the needs of SME in such measures as SMIEIS (supportive financial scheme by the CBN), capital participation by BOI, and industrial park projects.

<u>Cameroon</u>

Enterprises that have distinct-characteristic products and technological advantage in Cameroon are not few. Many of them have established subsidiary companies to expand their business and diversify their business channels. They could find some finance resources from families and friends but are in short of funding when they intend to expand production capacity. No special financial scheme for export and SME promotion exists in Cameroon.

Tax incentives, which is the VAT refund system for exported goods, exists. But there are many companies who are obliged to wait for long for VAT refunding for exported goods because of lack of discipline of government officials. Many companies claim that government should be more efficient and reliable.

3.3 Financial Assistance System

South Africa and Ghana

Financial assistance system is largely different by countries. South Africa has relatively well-developed SME financial institutions and systems, consists of three types of institutions (Khula, NEF and IDC) and recently added one (APEX Fund). On the contrary, Ghana does not have even one dedicated SME financial institution, although there are a number of donor who contributed to facilities provided through private financial institutions.

In both countries, lack of access to finance is recognized as critical problem for SMEs. While the structural reason may be different, commercial banks' attitude toward SMEs are similar, as well as the financial conditions for SMEs (less collateral, poorly prepared books, bad trucking records, etc). Therefore, solution in principle is to change the perception on SME financing and behaviour of both lenders and borrowers. Concrete approach should vary by countries, because financing behaviour is deeply related with customs and traditions, or sources of "credit" of the societies. However, enhancing providing and loan monitoring capacity of financial institutions would be a principal and indispensable approach. In Ghana, feasibility of setting up a special financial institution for MSEs may be considered.

Tanzania and Uganda

Although limited, financial support systems by the government for SMEs are in place for both countries and there are banks that provide loans for the SME sector. However, SMEs still face problems because government funds scheme are often very small and do not provide adequate finance for SMEs, and banks are unwilling to lend due to the risks associated to lending to SMEs.

Nigeria

Financial scheme is not necessarily fit for the needs of SME in terms of speed of decision-making, evaluation and pricing of collateral, evaluation of feasibility of the project and financial situation and profitability of companies. Many SME claims that banks should understand the situation of SME more deeply and correctly whereas banks claims the need to have more accurate information with reliable documents such as feasibility study and business plan of applicants for borrowing. Developing and enhancing capacity of BDS providers in Nigeria will be the answer that could fill the gap between borrowers and banks. Capital participation scheme, too, needs to be reviewed: extension of periods of assistance, preparation of good coordination with other loan scheme, and preparation a feasible exit policy will the core theme to be studied.

Many government organizations and associations mentioned ideas to create micro finance or mutual financial scheme to facilitate financial support to SME, while the World Bank started Micro Credit Scheme from last year as five year project and such donors as AfDB, USAID and DFID are already coordinating their assistances in this area with the World Bank. Attention should be paid how to realize a sound and efficient financial system in Nigeria: economy of size is one requirements together with good governance with higher capability of evaluation of borrowers situation.

Cameroon

Although the currency of Cameroon, CFA Franc, has been linked with French Franc, and effectively pegged with Euro, which is a key to sustainable economic growth with modest inflation rate, banking system is rather vulnerable as there is no legal framework applicable for bankruptcy or bank liquidation. Many micro finance groups are operating but their actual situation is not clear. Local entrepreneurs and associations are discussing the idea of establishing financial institutions, including mutual fund or cooperative type bodies that focus on SME financing. Under these circumstances, authority should consider preparation of a practical safety net and enhancing its bank supervision capacity.

To extend financial support to small and micro industry, supporting micro finance activities seems to be the most feasible strategy in Cameroon for expanding financial network in local area. However, in addition to it, supports for venture capital that could finance the start-up of companies may be also efficient because fairly good number of entrepreneurs have been in existence in Cameroon, centring on textile and daily necessities, who are ready to accept joint venture or make an alliance with other companies to expand its production capacity of its business frontier. In this regard, encouraging venture capital market should be taken into account in addition to expanding concerted action with international development organizations for preparation of sound financial network in Cameroon. As there are donors who have assisted the government, further study on how to cooperate and coordinate possible assistances will be necessary.

3.4 Coordination with Private Organizations and Local Governments

South Africa and Ghana

The relation between the government and private organizations are good in both South Africa and Ghana. However, attitudes of the private organizations, or Chambers, toward government are different. In case of South Africa, due to the financial support provided by the government, Chambers seem to be more pro-government, although they are making requests to achieve enabling environment for business. Chambers sometimes function as advocates of government SME programs. In Ghana, Chambers are rather independent from the government, at least in financial terms, and have attitude to cooperate with foreign donor agencies. There are actually private organizations who cooperate with donor agencies or international institutions in South Africa, but organizations in Ghana seem to be more aggressive to be sponsored by donors. This is partially because there is a situation in Ghana where a number of donors are looking for opportunity to cooperate. Considering this situation, private organizations in South Africa (BDS providers, NGOs, NPOs) seem to have much potentiality to cooperate with foreign donors, together with the potentiality to provide good examples of success in supporting SMEs. From this point of view, survey of the private BDS providers, NGOs and NPOs in South Africa would be quite informative for donors to promote collaboration with them.

As for the local governments' role in SME support, South African local governments, namely provincial governments, have substantial power in legislation and execution of original policies. In this context, coordination with local governments' SME policies is the next important task for SEDA, which is making effort to streamline national SME support mechanism.

Tanzania

It is stated that CTI is creating an own database of its own member enterprises in the aim to connect SMEs to the larger enterprises in order to create a supply chain. On the other hand, the Government explicitly mentions that as the Ministry responsible for the implementation of SME Policy and as the secretariat for all SME issues, MIT will establish a data bank to function as research and information clearing house. By combining the two sources of data and forming a partnership between CTI and MIT, a more comprehensive data bank will be created. This study advocates technical assistance in this area.

Nigeria

Demarcation of responsibilities between the central and local government in such issues as developing industrial zones and training centres for export promotion needs to be discussed more in detail to give clearer prioritization among policies taking budget and fund constraints into consideration.

To enhance dialogue between the government and the private sector, establishment of regular dialogue, including Public Private Partnership (PPP) initiative, will give an efficient vehicle to the Nigerian government.

Cameroon

Because the managing capacity of government has been limited, some donors extend assistance directly to associations/organizations in the private sector. UNDP is assisting the Entreprises Cameroon. The World Bank/IFC group organizes a Public Sector Development Team and extends supports to private sector via GICAM. Institutional framework building of SME promotion in Cameroon has just started and supportive network is still weak. Government is receiving many requests for support from private sector but available resources are limited in terms of human resources as well as budget. Dialogue among donors already exists but systematic discussions for enhancing coordination and cooperation is not yet realized in both the donor side and the Cameroon side. Because Cameroon is a member of BEAC, it might be necessary to coordinate policies with other BEAC member countries as well as French government, especially when it plans to introduce new financial schemes from the money market. Establishment of clear strategy and prioritization of things to be done through regular and systematic dialogue between donors and the government seems to be an urgent need in Cameroon.

II. SME Management

1 Survey Objectives and Methodology

1.1 Background

In African countries, the emergence of substantial private SME sector has not been found generally, although the private SME sector has begun to play an important role partially in South Africa and Cameroon. Despite the fact that private SME sector as a driving force of national economy is expected to emerge and grow in African countries, there seems to be a lot of obstacles to growth for the sector.

Those obstacles can be classified into two categories: 1) external obstacles (business environment, laws and government regulations of business, institutions that enforce the regulations, government support for SMEs, Business Development Service (BDS), etc), and 2) internal obstacles within business management side.

There is a consensus that external business environment including the quality of business infrastructure, the quality of government regulations of business and its enforcement is a major determinant of prosperity of business sector. That is the case especially for SMEs, because they are so small and weak that they are relatively easy to be affected by the external business environment. Some sources such as *Doing Business* published by the World Bank produce and periodically update indicators on business risk in each country, and help compare the business environment all over the world. *Doing Business* and other in-country surveys on African SME sector have also discussed that the business environment in African countries is not comfortable for the business sector comparatively.

However, the question arises: Why is it that there are some successful SMEs in each country even where the business environment is regarded as so tough? Because there has been little work deeply analyzing internal factors of SME management in African countries, the actual status of African SMEs' management and its factors of success and failure have not been clarified so far.

In this context, it is necessary to have a deeper understanding of SME management practices and create a model abstracting the characteristics of SMEs' management of African countries and its factors of success and failure. This will help form the basis for future governmental assistance for the SME sector in African countries.

1.2 Objectives

This study has the following main objectives:

- To grasp and deeply analyze the actual practices of African SMEs' management and the potential needs for SME management support;
- To make policy recommendations based on the analysis of potential needs for SME assistance; and
- To identify some promising indigenous industries in each focused African countries.

1.3 Methodology

For the purpose of identifying the current condition and assistance needs of SMEs at the micro level, the methodology was based on the following two interviews: 1) Interview with relevant organizations such as government authorities, UNDP, Technonet Africa, and the Chamber of Commerce to gain an overall grasp of the status of SME sector, and 2) Face-to-face interview with a total of 92 SME managers.

The SME interview survey does not intend to cover a large enough sample to make a statistically significant representation. However, the methodology of the face-to-face interview with SME managers offers an advantage. The methodology is based on factual and practical information on SME management. This has direct relevance for the recommendations on SME policy-making and reform, and will later enable policy makers to understand better how SME managers are doing business and having difficulties in each country. The methodology of this interview survey has five features as follows:

(1) Subject for research: 10-20 SMEs in each focused country; South Africa, Tanzania, Uganda, Ghana, Nigeria, and Cameroon.

(2) Selection criteria regarding SMEs to visit: While the selection criteria of SMEs to visit is in accordance with the opinions of local governments and parties concerned, it includes the following conditions:

- Wide range of industry types including local businesses and traditional handicraft.
- SMEs on different growth stages (e.g. start-up, growth stage, and mature phase).
- Several blue chips as the good practice SMEs.
- Location of SMEs to visit:

	South Africa	Tanzania	Uganda	Ghana	Nigeria	Cameroon
Name of Cities	Johannesburg, Pretoria and Durban	Dar es Salaam	Kampala	Accra and Tema	Lagos	Douala

- Promising industries:

Country	Promising Industries
South Africa	・ Natural resource-related industries ・ Automobile parts ・ Food-processing ・ Textile goods
Tanzania	・ Agriculture/livestock industry: Cashew nuts, Coffee, Raw cotton, Tobacco ・ Textile goods ・ Tourism industry ・ Other consumer products: Materials for industry, Drug, Soup, Oil for food
Uganda	Encouraged products of Uganda Resource Fund as the following: Flowers, Fishery/fish-raising industry, Raw cotton/Textile, Architecture, Food/Drink, Service of education, Fruits/Vegetables, IT/Electronics, Livestock, Milk-based drinks, Tourism, Steel, Printing/Packaging, Processing of agricultural products
Ghana	・ Food Processing (spice, palm oil, butter, jam, pineapple juice, etc.) ・ Agricultural products ・ Cotton, textile, garments, apparel ・ Furniture, wood processing ・ Handicrafts ・ Ceramics
Nigeria	・ Processing of agricultural products: Sesame seeds ・ Consumer products: Materials for industry such as sheet of steel and plastics, Food, Drug, etc.
Cameroon	・ Wood ・ Raw cotton ・ Cacao beans

(3) Study team formation: For practical reasons, the members of the study team in charge of SME Diagnosis/Management are divided into three teams; Team Group No.2 in charge of South Africa and Ghana, Team Group No.3 in charge of Tanzania and Uganda, and Team Group No.4 in charge of Nigeria and Cameroon.

(4) Questionnaire design: The structure of questionnaire design is shown in the following table. Items to be checked in the interview survey include fund management, inventory controls, list of suppliers, list of clients, standard business practices such as account receivable and account payable, goods, raw materials, finished products, cash flow, list of shareholders, and banking transaction, etc. In particular, financial matter is one of the major interests. (See ANNEX II-1: Questionnaire for SME Interview Survey)

Structure of Questionnaire for SME Interview Survey
1. Company Profile
2. Profit and Loss
3. Managing Director
4. Overall Management
5. Marketing
6. Manufacturing Technology, Manufacturing Process
7. Finance
8. Human Resource Development
9. IT Application

(5) Point to notice for interviewers of the study team: The study team requires SMEs to hand in its financial statement. However, assuming that financial statements of SMEs are not easily disclosed, it is required for the interviewers of the study team to carry out business diagnosis and grasp the overall business conditions based on a batch of financial data and a dialogue.

2 Survey Results by Country[52]

2.1 South Africa

2.1.1 Overview of Business Environment for SMEs

South Africa has a population of 45.3 million with Gross National Income (GNI) of US$ 125.9 billion and GNI per capita of US$ 2,780 in 2003. The GNI per capita of US$ 2,780 is 5.7 times larger than that of average of Sub-Saharan Africa, which is US$ 490. According to the statistical record provided by the World Bank, the population in South Africa is growing at 1.7% annual growth rate for the years 1997 to 2003. Regarding economic growth, the annual growth rate of GDP was 3.6% in the year 2002, and 1.9% as preliminary estimate for 2003. Prior to these years, the average annual growth rate of GDP was 2.7% from 1993 to 2003, and 0.9% from 1983 to 1993. These figures tell that the country has been showing rather slow economic growth over the decades after 1983. The average annual growth of exports of goods and services from 1983 to 1993 was 2.9% and -0.9% in 2003 as preliminary estimate. The detailed data are shown in the next table.

TABLE II-1: Average Annual Growth Rate of GDP and Exports in South Africa

	1983-93	1993-2003	2002	2003	2003-7 forecast
GDP	0.9%	2.7%	3.6%	1.9%	3.2%
GDP per capita	-1.4%	0.6%	2.3%	2.0%	3.5%
Exports of goods and services	2.9%	4.4%	-1.4%	-0.9%	1.1%

Note: 2003 figure is preliminary estimate.
Source: The World Bank, *South Africa at a glance, Sept.15, 2004*

As for overview of economic structure, in terms of percentage of GDP, South Africa is predominantly a nation of service-related industry compared with other African countries. As the next table shows, 'Services' industry occupies 65.2%, while 'Agriculture' only 3.8%, which is significantly low among African nations. The share of 'Industry' is 31.0%, about half of 'Services' category. Out of 'Industry', 18.9% belongs to 'Manufacturing' which is more than half within industry category. It is noted that during the past two decades, the shares of Agriculture and Industry have been decreasing, while Services category made steady growth.

TABLE II-2: Structure of the Economy As Percentage of GDP in South Africa

	1983	1993	2002	2003
Agriculture	4.4%	4.2%	4.1%	3.8%
Industry	44.5%	35.5%	32.2%	31.0%
(Manufacturing)	(23.4%)	(21.1%)	(19.4%)	(18.9%)
Services	51.1%	60.3%	63.7%	65.2%

Note: 2003 figure is preliminary estimate.
Source: The World Bank, *South Africa at a glance, Sept.15, 2004*

Regarding the condition of basic infrastructure which may affect business activities, due to its political and historical background, South Africa has the best infrastructure condition among six countries surveyed in this study. However, problems still remain in the poverty areas (especially in the areas such as township) in providing electricity and also with respect to sanitary situation. During the interviews, the survey team experienced brownout in the township area.

[52] See ANNEX II-2: Outline of Interviewed SMEs. The tables in the annex show the interviewed companies' basic data, most serious challenges and success factors.

For SMEs in South Africa, finding out good financial resources has been one of the major management issues. The interview survey showed that private commercial banks are not keen on expanding SME lending, which is a major hindrance to SMEs that needs financial assistance to meet their working capital and fixed asset requirements.

On the part of the governmental organizations which are supposed to assist SMEs, last year, the government restructured the existing organizations and created SEDA (Small Enterprise Development Agency). However, the details of its organization, strategy, policies, activities and priorities are not yet established, since the agency is still new. It is not clear yet to the private sector as to how the government is trying to assist SMEs in the country with what priority and what assistance scheme. As a result, SME business community is not expecting much from the government side. Even though the SMEs are struggling in their day to day business to secure necessary funds for their operations, they are not familiar with Kula, for example, the specialized government financial institution for SMEs. Such organization is well known among SMEs. After all, it could be concluded that policy-based lending in this country is not functioning well.

Regarding the business practice on using credits between suppliers and purchasers, the payment is primarily based on cash on delivery. Credit up to 30 days is accepted depending upon customer relationship. It was pointed out that payments from Government and military are surely collectible but often delayed. It was stated by one of the interviewed SMEs that there are sometimes government accounts which are even three months past due.

Another important factor in South Africa when considering business environment is Black Economic Empowerment (BEE). Companies have to fulfill BEE requirements by law in doing business and some SME owners/managers pointed out they recognize the additional cost incurred by that requirement.

It is also noted that in South Africa non-governmental institutions including NPO, such as BUSA (Business Unity South Africa) and FABCOS (The Foundation for African Business and Consumer Services) are actively supporting entrepreneurs.

2.1.2 Business Profiles of Interviewed SMEs

In South Africa, the study team visited 22 SMEs in Johannesburg, Pretoria and Durban area. The major business category includes grocery store, trading, food processing, cosmetics, textile, garments, plastic products, audio, tourism and accommodations, computer and auto repair. To be more specific, the detailed product lines of these 22 enterprises includes; plastic products, clothing and linen, cushions, woodworks, crafts, audio products, biscuits, textile fabric, computer and underclothing.

Regarding operating history, the year of establishing the companies ranges from 1984 to 2004, which are relatively new companies. With respect to number of employees, among the companies surveyed, the smallest one had 1 person, and the biggest was 258. Out of the surveyed samples, there were 14 companies which have less than 10 employees, 2 companies between 10 and less than 50 employees, no company between 50 and less than 100 employees, and 3 companies which had 100 employees and more.

As for the ownership of enterprises, most of the smaller sized companies are owned by individuals or family. Out of the interviewees, one company, Atlas Plastics PTY Ltd is a part of the bigger group of several businesses started by the owner family. The main responsibility of the daily management works is already handed over to the founder's sons.

The three grocery stores are all located in the township areas and supported by FABCOS, the South African NPO which is supporting black entrepreneurs. The organization has entrepreneur institute, a specialized training school for teaching basic management skills and knowledge for entrepreneurs.

As for the careers background of entrepreneurs, the business experiences of presidents and founders of interviewed SMEs vary. Many of them have a certain business experiences in the same industry before they start their own company. The founder of Tshidi Vera Fashions, a manufacturer of women's dresses, has been in broadcasting business and formerly an actress, has extraordinary fashion and designing sense. The managing director at RSA Knitting (Sharoc) has been working for textile business before he started his own company with his partner. The founder of Khoi Linen and Textile, on the other hand, was in the different business. He turned his career from construction business to linen manufacturer. There were also founders and presidents who had never been employed by anyone else before. The founders of Mjita Trading Company and X!act Design have been in entrepreneurship in their whole business career.

2.1.3 Challenges of SME Management

As common in other countries, one of the biggest managerial challenges faced by South African entrepreneurs is financial management, especially, in securing financial resources for their start-up costs, working capital and fixed asset needs. There are some factors contributing to this difficulty in financing by SMEs for both private banks and government side.

According to the interview survey, there are few private commercial banks actively promoting SME lending or banks which already have significant size of SME lending portfolio. For SMEs, they feel it is difficult to access to these banks due to strict security (collateral) policies and cumbersome application procedures. As for the reason for starting transaction with commercial banks, in almost all cases interviewed, entrepreneurs are the one who first approached to the banks side to start their transaction. It seems that no banks are actively marketing their products to SMEs, nor they have not developed loan products aimed at small businesses.

Regarding market condition, in garments and textile industry, there is growing and fierce competition with Chinese products which are low priced. The industry is facing challenge and threat of cheap products coming into the domestic market. Many managers feel that there is little chance of fighting back, since there is no comparison of labor cost advantage which China has. As a result, SMEs are trying to survive the battle by adding value to their products and targeting higher-end customers. For example, RSA Knitting is trying to conquer the problem by changing their purchasing and product strategy. It is taking advantage of importing cheap fabrics from China for their ready-made shirts and trying to manufacture higher quality products for their own product to sell to higher-end customers.

As one of the management issues particular to South Africa, a manager pointed out that fulfilment of black economic empowerment (BEE) requirement sometimes gives additional burden to management. One company interviewed is trying to change structure of ownership of the company and also members of the board along this move. It is sometimes time- and energy -consuming effort to recruit reliable candidate owners and managers who would certainly bring right strategy and profits to their existing business.

2.1.4 Factors of Success

In this survey, the study team tried to identify from each company interviewee the strength and some of the key success factors in their daily practice of management. The answers from interviewees and the study team's own observations are described in detail in the ANNEX II-2 attached to this report. There are some common factors observed for SMEs to be successful. Some SMEs are successful by pursuing; (i) product quality and its control, and (ii) strong and constant commitment to improve customer services by trying to grasp their needs.

Product quality and its control is the key to obtain trust from customers. There are several ways and approaches to this aim. Managers can achieve this goal by applying strict selection standard when purchasing raw materials. At Mjita Trading Company, for instance, the managing director has a strict policy of raw material selection for their bags produced, in order to manufacture quality product and sell them within middle to higher price range. At X!act Design, the two founders exerted tremendous amount of efforts when they developed and created their unique product called "X!act Design Patternmaker" in terms of designing, selection of raw materials and user-friendliness of the product. In Tshidi Vera Fashions, the founder stated that one of her prime concerns of the daily management was to maintain product quality. She herself supervises production process and recognizes that improvement of skills of production staff is very important.

The second element is good customer service and constant efforts to grasp their needs. Since the SMEs are generally limited in their advertising cost and targeting mass market through media is sometimes very difficult, it is important to keep a customer as so called 'repeater'. Some SMEs are trying to capture repeaters by providing good customer services.

2.1.5 Good Practices

In the interview survey, corporate data were gathered from 22 SMEs in South Africa. The following two companies are examples of good practices.

Case A

Company Name	MJITA TRADING COMPANY
Company Profile	Industry Type: manufacturing & trading Business Products: handicrafts, textile products, cushions, woodwork Establishment: 1991 (13 yr.) Registered Capital: N.A Form of Ownership: limited company Number of employee: 3 Sales: R1,800,000
Strengths and deep-analysis on reasons for the strengths	Established in 1991, Mjita is manufacturing handicrafts, bags, textile products, cushions, woodworks and various souvenir goods. The founder Mr. Brett Sher has been entrepreneur in his whole business career. Suppliers of raw materials are located in six African countries. Their products are sold to wholesalers, tourism based shops and 30 retail outlets. Strength of company lies in quality of products, strict selection of raw materials, creative products in design and concept that gives strong impression to customers and firm commitment to customer service. The challenges facing Mjita are: finding appropriate markets, competitive market condition, price competition with Chinese products and high cost for advertisement

Case B

Company Name	KHOI LINEN AND TEXTILE CC
Company Profile	Industry Type: manufacturing Business Products: clothing, linen, pajamas, night dress, bed sheets Establishment: 1997 (7 yr.) Registered Capital: N.A Form of Ownership: limited company Number of employee: 35 Sales: R 1,100,000
Strengths and deep-analysis on reasons for the strengths	Khoi Linen and Textile is manufacturing clothing and linen products, bed sheets, pajamas and night dress. The company was established in 1997 by Mr. and Mrs. Modika. Mr. Modika, a former businessman in construction industry turned out to be a remarkable entrepreneur. The company's excellence is well

	shown by its solid marketing strategy to finding out and focusing niche market. They mainly focus on private and state hospitals, hotels, and government customers such as police, army, navy, etc. They expanded and developed this solid customer base through tender process, with good pricing and product samples. The production is based thoroughly on order basis, thus there is no excess inventory. The company is strongly committed to providing best customer services, by training delivery drivers.

2.1.6 Supporting Needs for SMEs and SME Promotion Policies

SMEs in South Africa need assistance mostly in finance. Also they need assistance in variety of fields such as marketing, production, human resource training and business administration in general. There are factories which need improvement of environmental management.

2.1.7 Policy Recommendations

The following recommendations should be made in the area of SME management. Since SEDA is new and needs enhancement of its function to support SMEs, it is effective to dispatch experts in SME policy and financing to SEDA. It is also recommended to implement human resource development programmes in South Africa and Japan for those engaged in SME related policies in ministries, the government or non-government institutions.

2.2 Tanzania

2.2.1 Overview of Business Environment for SMEs

Tanzania has achieved a continuous political stability since the end of socialist economic system in 1967-1985. Under such a situation, Tanzania's economy has shown strong growth in recent years (real GDP growth rate of 6.2% in 2002 and 6.3% in 2003), although the growth rates are still below the levels required to rapidly eradicate poverty.

The domestic market scale has still been limited due to the limited national population of 34.5 million and limited GDP per capita of US$ 378 (in 2003). On the other hand, the interview survey of the study team suggests that the monthly average labor wage varies between US$ 50 and US$ 120 in Tanzania. However, it must be noted that a large part of entrepreneurs and businesses are classified as an "informal sector" in Tanzania. Although the actual condition of the informal sector has not been clarified, the *Doing Business in 2004* of the World Bank shows that the rate of informal economy is 58.3%. This rate is the highest among the six countries that this study focuses on.

After a decade of macroeconomic stability, foreign investments are gradually rising in various sectors of the Tanzania economy. Therefore, the government is currently pursuing a program of free-market reforms, and continues to make efforts to establish a regulatory environment conductive for privately managed utility services.

However, the business infrastructure is still poor, which causes higher distribution costs for SMEs. The government has recently promoted investments road sector infrastructure, because the road is absolutely essential to promoting rural development and poverty alleviation. At present, Tanzania has approximately 85,000 km of roads, which are classified into categories of truck roads, regional roads, district roads, feeder roads and urban roads.

Electricity rates that rank among the highest in East Africa have been one of the major obstacles to

SME business in Tanzania. Currently, Tanzania Electricity Supply Company (TANESCO), a state-owned enterprise, has a vertical integrated monopoly in the supply of electricity power. The total generation capacity of TANESCO is approximately 500 megawatts of mainly hydro-based power. Because of the inefficient production, the generation has always remained below the current demand. The government allowed independent power producers (IPPs) to generate and sell power to TANESCO, and is expected to launch a major natural gas project on the Songo Songo Islands.

In business practice, the payment is simple and primarily based on cash on delivery although credit up to 30 days is common. In general, however, financial management is difficult to do. This is firstly because the availability of bank loan is extremely limited and secondly because the annual interest rates of short-term bank loans is on the high level of 20-30%. Under such a situation, it might be almost impossible for SMEs to grow out of microenterprises by making use of financial leverage.

With regard to formation of business association in Tanzania, it was found from the survey result that there are the following characteristics. First, although there are a number of business associations, its function of mutual-aid is weak. Secondly, there are only a few business associations organized by same industry. There is also a tendency that entrepreneurs in the neighbourhood do not help each other actively.

2.2.2 Business Profiles of Interviewed SMEs

In Tanzania, the study team visited 15 SMEs whose business types are various. They are 12 manufacturers and three service businesses. The products of the manufacturer are as follows: household goods in stainless/aluminium, rosella wine, candle products, construction machines, bricks for construction, bread, bait of chicken, feed, batik products, furniture, arts and crafts, and cotton fabrics. Other three service businesses are doing business in the field of automobile maintenance services, tourism-related services and retailing of traditional craft arts.

The interviewed SMEs are relatively new businesses, as the result of interview survey shows that the companies with 1-6 year-experience are 12 out of 15 companies. The number of employees varies between 2 and 55. According to the definition of SME under the SME Development Policy 2003, 12 out of 15 companies are classified as a small enterprise in terms of the number of employees. Two companies are micro enterprises, and other one company is classified as a medium enterprise. If the interviewed companies are divided by the scale of annual sales, there are eight companies with the annual sales of up to US$ 0.1 million, and seven companies with the annual sales of US$ 0.1 - 1.0 million.

2.2.3 Challenges of SME Management

It was found from the interview survey that the problems of SME management existed in the all management fields such as human resource development (management team, labor), manufacturing process/ facility for services, marketing, financial management, etc.

In response to the question “What are the most serious challenges/difficulties in your business?”, 12 out of 15 companies selected “difficulty in financing”. Five companies selected “increase of costs for purchases”, and three companies selected “difficulty in investigating new customers”.

Assuming that the interviewed SME can be divided into two categories by sales scale, the first category is the companies with the annual sales of up to US$ 0.1 million, the second stage is the companies with the annual sales of US$ 0.1 - 1.0 million. For the SMEs on the first stage, it was found that the main challenges remained in start-up of business, upgrade of technology/ manufacturing process and labor training. On the other hand, the main challenges for the SMEs on the second stage were related to management strengthening, marketing, and financing for new investment.

In addition, it was found from the interview survey that there were various business risks and obstacles surrounding SMEs in Tanzania (See ANNEX II-3). They include the followings: small domestic market, weak purchasing power, frequent job-hopping, high costs for electricity and transportation, high administrative costs (e.g. custom service at port entry, Tax authority), heavy burden of bank loans' interest rates, difficult collection of account receivable, difficult to get bank loans, etc. These business risks might have a bad influence on the entrepreneurial spirit of business people in Tanzania.

Regarding financial sources of SMEs, there are five types of categories in Tanzania: 1) Special loan programmes (National Entrepreneurship Development Fund operated by SIDO, District Development Funds operated by local government authorities, Women Credit Activities' Fund), 2) Microfinance institutions (e.g. PRIDE, Presidential Trust Fund), 3) Commercial banks (National Microfinance Bank, CRDB bank, etc.), 4) Community banks (e.g. Mbinga Community Bank), 5) Trust and foundations (e.g. Diamond Trust Fund, Tanzania Gatsby Trust), and 6) Saving and credit cooperative societies (SACCOS). The interview implies that start-up businesses possibly can get short-term loans necessary for business start-up from special loan programs or small-scale financial institutions such as microfinance institution and credit cooperative societies, and growing SMEs with more than US$ 0.1 also has had the access to commercial banks. However, to get medium-to long-term loans from any financial institutions is not a practical option for SMEs with the potential to grow. SME managers have strong grievance about banks' collateral-based lending, as they have no way to access medium- to long-term loans without collateral. In addition, experienced SME managers point out that personal relationships are critical at the time of obtaining the first bank loan. Some of them were able to access bank credit owing to their relationships with bank officers. As for special loan programmes, most interviewed SME managers were informed of such loan schemes through their friends.

2.2.4 Factors of Success

In spite of the above-mentioned various business obstacles, the interviewed SMEs have survived and recently achieved good performances.

Based on the interview survey, there are some SME management characteristics in accordance with the growth stages of interviewed SMEs (See ANNEX II-4). The common success factors are recognized as the following: good concept of top management, corporate culture of "customer first", managing directors' technical expertise, being in a growing or stable market, valid business idea, some OJT-training for employees, etc. Furthermore, the SMEs with the annual sales of more than US$ 0.1 million shows some additional common characteristics such as successful products, pyramid-shaped organization, high morals of employees, high competition power, getting good corporate customers, management of business result by sections, grasp of profit-contribution, formation of profit plan for next year, balanced personality of manager, etc.

2.2.5 Good Practices

In the interview survey, corporate data were gathered from 15 SMEs in Tanzania. The following three companies are examples of good practices.

Case A

Company Name	SIMON ENGINEERING WORKS Ltd.
Company Profile	Business Type: manufacturing of household goods in stainless/aluminum Establishment: 1987 (17 yr.) Registered Capital: US$ 19,000 Form of ownership: limited company Number of Employees: 18 Annual Sales: US$ 124,000

	Total Assets: US$ 383,000
Strengths and deep-analysis on reasons for the strengths	The founder Mr. Richard E. Moshi started his business in Dar es Salaam in 1987. Since the establishment, the main products has been household goods, and pioneered a new market of products for hospitals in late 1990s. High quality and timely delivery has realized the good relations with big name clients such as Tanzania Breweries Ltd., Medical Store Department of Ministry of Health, Coca Cola Kwanza Bottlers, National Engineering Company, etc.

Case B

Company Name	LAJO TRAILS Ltd.
Company Profile	Business Type: tourism (car hiring, hotel management service, tour) Establishment: 1999 (5 yr.) Registered Capital: US$ 176,000 Form of ownership: limited company Number of Employees: 41 Annual Sales: US$ 97,000 Total Assets: US$ 268,000
Strengths and deep-analysis on reasons for the strengths	The founder Mr. Japhet E. Lawuo started his tourism business in Dar es Salaam in 2000. Thanks to its strategy of "cheaper price and better service", the company has achieved a rapid growth in the tourism-related services such as car hiring, hotel management service, tour, etc. Particularly in the car hiring business, the company has got good corporate customers such as World Bank, WTO, embassies, etc., which has established its firm business basis and created good influences on tour operations.

Case C

Company Name	MARVEROUS BATIK
Company Profile	Business Type: manufacturing of batik products Establishment: 2002 (2 yr.) Registered Capital: n.a. Form of ownership: individual Number of Employees: 15 Annual Sales: US$ 860,000 Total Assets: n.a.
Strengths and deep-analysis on reasons for the strengths	The founder Mrs. Flotea Massawe started her business in Dar es Salaam in 2002 after her 30-year experiences in this business. The main products have been batik products including pillow cover, shirts, small bags, etc. For setting her own business on its way, she made use of SIDO training courses and trained her staffs through OJT. Later, in order to make her business grown, she has paid much attention to marketing. She has exhibited her products regularly in exhibitions such as "International Trade Fair", while challenging for collaborating with New York-based apparel company.

2.2.6 Supporting Needs for SMEs and SME Promotion Policies

In response to the supporting needs of growing SME sector, there are some relevant organizations that have made efforts to provide vocational training and advisory for micro and small businesses as shown in the table below. However, because there are huge potential needs of such small businesses in all over the country, the existing organizations have realized the limitations of budgets and manpower.

TABLE II-3: SME Supporting Needs and Government Support in Tanzania

Business Scale	Legal Definition	Difficulties/Supporting Needs	Government Support
Micro	Employee: 1-4 Capital Investment in Machinery: Up to Tsh 5 mil	- Poor entrepreneurship - Business creation - Technology transfer - Production process renovation	Seminars and vocational training by SIDO, VETA, etc
Small	Employee: 5-49 Capital Investment in machinery: Above Tsh 5 mil to Tsh 200 mil	- Lack of management ability - Difficulty in getting loans for equipment	
Medium	Employee: 50-99 Capital Investment in Machinery: Above Tsh 200 mil to Tsh 800 mil	- Difficult financing of equipment to increase sales and production capacity - Weak export marketing	BET

Note: 1) The Tanzania Government has adopted the above definition in 2003.

2) According to the NBS's *Survey of Registered Enterprises 2003*, the enterprises with the employees of less than 100 accounts for 92 % of the all registered enterprises in 2003. The enterprises with 1-9 employees accounts for 44%, the enterprises with 10-49 employees accounts for 41%, and the enterprises with 50-99 employees accounts for 7%.

Source: JICA Study Team, Feb 2005

Small Industries Development Organization (SIDO) was established in 1973, and currently is the main governmental organization in charge of SME development/ BDS in Tanzania. The main objective of SIDO is to "contribute to poverty eradication an enterprise development thereby contributing to economic development through provision of demand driven services that will create employment and generate income". The financial resources come from both the government subvention (50%) and the own generated funds (50%, e.g. incomes from rental of industrial estate, interest incomes of revolving loan funds, fee from training programmes). In addition, there are some development programmes supported by the government and international donors such as UNIDO and Austrian Government.

SIDO has headquarter and 21 regional offices all over the country, while it has 330 staffs in total (80 staffs in headquarter, 250 staffs in regional offices). The business development services of SIDO can be divided into four categories: (1) technology development, (2) marketing and information, (3) business development and extension services, and (4) financial services. At the regional level, there is a regional manager, and staffs including business development officers, technical officers and credit officers. In BDS practices for SMEs, the officers are closely collaborating with Confederation of Tanzanian Industries (CTI), The Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA), microfinance institutions, technology development centers and business incubation programmes.

Through its more than 30-year-experiences in assisting SMEs in Tanzania, SIDO has had experienced staffs who can give SMEs relevant advice on management/technology. However, it has faced the difficulty in meeting the growing potential needs of newly establishing SMEs all over the country, and been forced to consider about how to make itself upgraded and more efficient. Within the limited manpower and budgets, SIDO is expected to change its approach from face-to-face or one-by-one approach to more efficient systematic approach through the strengthening of information management system (MIS).

Vocational Education and Training Authority (VETA) was established in 1994 to provide vocational education and training including both technical training and business management training. It has zonal headquarters in Dodoma, Iringa, Mbeya and Dar es Salaam. Thanks to the continuous supports from SIDA, GTZ, Irish Aid, DANIDA and JICA, VETA has played an important role in providing technical and management training for SMEs. It has become well known by SME managers.

On the other hand, there are not any assistance programs for SMEs that have newly grown out of small businesses or have had strong intention to grow. The result of the interview survey implies that there are potential needs of SMEs assistance in such a field.

Beside the above government support, BDS markets for SME sector are still underdeveloped in Tanzania. The first reason is that there are only a few business associations that can provide useful BDS services to SMEs, although there are a number of business associations such as CTI and TNBC that pay attentions mainly to its members of large enterprises. Secondly, while the vast majority of SMEs is aware of the existence of some NGOs (e.g. Tanzania Gatsby Trust, FAIDA, AMKA Trust) and commercial business services and understands to a reasonable extent what the services involve, the percent of SMEs that have purchased each service is not so high for most services. The SME interview survey suggests that there are three factors for the low penetration of BDS market: 1) un-assuredness of benefits of the services, 2) a business culture where SME owners tend to avoid sharing business information with outsiders, 3) a lack of available, appropriate, high-quality BDS in Tanzania, and 4) SMEs are relatively reluctant to spend much on BDS.

For SMEs with the intention to seek out business opportunities in overseas market, Board of External Trade (BET) established in 1978 is the main public organization in charge of export marketing services.

With regard to the SMEs' accessibility to financial institutions, it might be understandable that banks recognize the credit risks of SMEs as being high, because SMEs are not likely to generate reliable financial information. The interview survey confirms that there is a potential need in the field of SMEs' capacity-building for preparing financial statement and documents necessary for banks' credit evaluation.

Under the above-mentioned situation over SME and SME support, the international donors have facilitated a lot of projects as the table below shows:

TABLE II-4: Outline of TA Projects related to SME Business Support by International Donors

Beneficiary Enterprises	Counterpart/ Collaborator	Main Donors	Contents of TA
Micro	Co-operatives	ADF	Assist in providing micro-finance, business support to microenterprises.
	Commercial banks, SIDO	DANIDA, SIDA, African Development Bank	Facilitate special funds for SME loans/ venture capitals (e.g. PRIDE, Presidential Trust Fund, SIDO's National Entrepreneurship Development Fund).
Micro to Small	Organizations providing vocational education and training (e.g. VETA, Univ. of Dar es Salaam Entrepreneur Center, BEST)	DANIDA, CIDA, Austrian Government	Support organizations providing vocational education and training.
Small to Medium	Business Associations (e.g. CTI, TPSF, TCCIA, TAFOPA, TAMFI, VIBINDO)	SIDA, USAID, DFID, UNIDO, DANIDA, GTZ	Support business associations in strengthening their function of BDS for private sector.

	SIDO	UNIDO and Austrian Government	Facilitate the Women Entrepreneur in Food Processing Programme.
Medium		SNV	Establish BDS providers or strengthen the capacities of existing BDS providers.

Source: JICA Study Team, Feb 2005

2.2.7 Policy Recommendations

Despite the above-mentioned efforts by the government and international donors, there are two remaining issues for SME sector development. First, the necessity and effectiveness of upgrading SIDO have been overlooked by the international donors. More attentions should be paid to how to improve SIDO, because SIDO is the main public BDS provider that has accumulated the know-how of SME business support through its long-term experiences. Under the situation that BDS market is still underdeveloped in Tanzania, the international donors have focused on the capacity-building of business associations. This approach is quite relevant, but it would take time to get some results, because business associations have not greatly experienced of BDS providing for SME sector historically in Tanzania.

Secondly, newly growing medium-sized enterprises with the potential to grow are not fully assisted by the existing public SME supporters including SIDO and VETA. Indeed, it would be ultimately helpful for the development of medium-sized businesses to support business associations in strengthening their BDS function. However, it is quite likely that this type of support could not respond immediately to the needs of emerging medium-sized enterprises with potential to grow. At the same time, it must be noted that the number of such medium-sized enterprises is still limited within the whole industry of Tanzania.

From what has been mentioned above, it seems reasonable to conclude that there are two recommended projects.

■ Project for Improvement of SIDO:

Objectives	To expand the BDS function of SIDO and upgrade its services by improving the efficiency of SIDO's activities/ operations.
Expected Effect	(1) The number of SME beneficiaries of SIDO's services will increase. (2) The quality of SIDO's services will be upgraded. (3) Sustainable and self-reliable growth of SME sector.
Outline of Project	In order to achieve the objective, the project will improve the efficiency of SIDO's activities by strengthening the knowledge management within SIDO. The following components will be included. (1) Detailed evaluation on the existing management information system (MIS) and its effectiveness. (2) Upgrade of the database and MIS by improving the data structure and contents regarding SMEs information (This will include basic corporate data, financial data, details of company's strong point, details of products, personal information on SME managers, useful cases of management advise/support conducted by the staffs of SIDO, etc.). This upgraded system could be helpful to the staffs for doing their BDS activities efficiently and effectively. (3) Data input into the new database and MIS. The input data will come from existing database, experienced offices of SIDO, relevant public data sources, interview survey of SMEs that received SIDO's services, etc. (4) Application of upgraded MIS to enhance the BDS activities such as business matching (among domestic enterprises/ between domestic SMEs

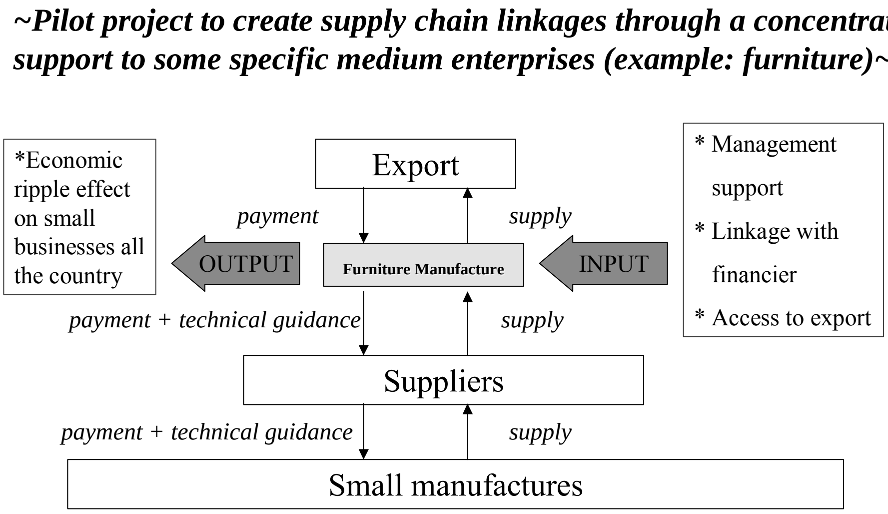
	and foreign companies), mediation between SMEs and financiers, etc. (5) Establishing an internal manual and training system regarding the methodology of BDS by using newly improved MIS.
Recommended TA Project and Time Frame	Dispatch of advisors stationed in SIDO within a year (18 M/M in total). The advisors will include: (1) two experts on SME policies/supports (2) two experts on SME diagnosis, and (3) two experts on MIS.

■ Pilot Project for Creating Supply Chain Linkages:

Objectives	To create supply chain linkages.
Expected Effect	Establishing supply chain linkages will give economic ripple effects to a wide range of supporting industries including micro to small enterprises, and eventually to the whole industry the targeted companies belong to.
Outline of Project	In order to achieve the objective, while SIDO or one of the relevant business associations become a counterpart, the project will include the following components. The image of project structure is as the figure below shows. (1) Industry study to select a few industries or companies that are promising and expected to give economic ripple effects on supporting micro or small enterprises. Based on the SME interview survey, the study team has found there are some promising industries in Tanzania as the following table shows. (2) Designing the specific business plans, supporting plans and F/S for each selected industries or companies. (3) Providing full-support to the selected industries or companies by using all resources such as government support facilities, network with banks and foreign companies, technical advisors, export marketing advisors, human development experts, etc.
Recommended TA Project and Time Frame	Dispatch of experts within 2 years (48 M/M in total). The experts will include: (1) two experts on industry survey, (2) two experts on industry development, and (3) four experts on specific industry such as textile, furniture, etc.

Note: Main business associations in Tanzania: Confederation of Tanzanian Industries (CTI), and the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA).

FIGURE II-1: Image of Pilot Project to Create Supply Chain Linkages in Tanzania



Source: JICA Study Team, Feb 2005

TABLE II-5: Promising Industries in Tanzania

Industry Type		Details
Agricultural Products		Tanzania has a large expanse of land suited to a variety of crops and animals. Although tourism and mining have become important in the recent years, agriculture remains the mainstay of the economy. The contribution of the sector to GDP is now approximately 50% and earns 70% of foreign exchange earnings for the economy. 8% of the labor force is engaged in agriculture, primarily through SMEs. Therefore, the government set the goal of a sustainable growth rate of at least 10% in agriculture in order to reduce poverty. However, lending to this sector is limited because the legal framework does not allow farmers to use land as collateral. Just 5% of Tanzania farmers obtain loans from formal financial channel. The government has recently placed a great deal of emphasis on agriculture export diversification, stressing the switch from traditional to non-traditional exports.
Light Manufacturing	Furniture	Most production in Tanzania has centered on import substitutes in less complex products such as textiles, plastic goods, household consumer goods, cosmetics, footwear and furniture. Furniture industry with thousands of small manufacturers has the possibility to grow if the supply chain system works well.
	Textile	Tanzania has begun to export less-expensive consumer goods. Tariffs within the East African Community will be eliminated due to the recently singed Customs Union. Therefore, the possibility of textile production for export has increased in Tanzania.
Tourism Services		Tourism is one of the fastest growing foreign exchange earnings sector in Tanzania. Tourist opportunities offered by Tanzania include game viewing, safari and beach holidays,

		mountain climbing, sightseeing, hunting and photographic safaris. The biggest attractions are the 12 national parks, which include probably the world's most famous park, the Serengeti. The country also boasts highest mountain in Africa (Kilimanjaro) and the largest game reserve, Selous. Tanzania is associated with the birth of humanity since the discovery of some of the oldest human remains in Olduvai Gorge. Other tourist attractions include Lake Tanganyika, the Lake Victoria, Ngorongoro Center, and breeding ground for flamingos (Lake Natron). Despite a temporary slow-down in tourist revenue after September 11 and recent advisors for East Africa, the country's tourism continues to grow at an impressive rate.
Construction		The construction sector contributes 4.6% of GDP. Growth in the construction industry offers increased opportunities to other material manufactures in Tanzania. Although significant efforts have been made to develop and rehabilitate the existing physical and non-physical infrastructures in Tanzania, potential investments still abound in power generation, water supply expansion and modernization of airports, roads, railways, and bridges construction, telecommunications and houses.

Note: 1) Number of firms by sector is shown in the table below. (Source: NBS, *Survey of Registered Enterprises 2003*)

Sector	Number of Firms	% of Total
Agriculture, Hunting	1,036	8
Mining and Quarrying	100	1
Manufacturing	1,515	11
Construction	599	4
Electricity, Gas, Water	132	1
Wholesale, Retail Sale	2,050	15
Hotel and Restaurant	1,970	15
Transport, Communication	834	6
Financial Intermediation	299	2
Real Estate	450	3
Others	4,457	33
Total	13,442	100

2) Employment/ gross output by sector is shown in the table below. (Source: NBS, *Annual Survey of Industrial Production Vol. IIB 2003*)

Manufacturing Sector	Number of Employment	% of Total	Gross Output (in Tsh mil)	% of Total
Food products and beverages	39,830	58	534,112	56
Tobacco products	3,618	5	54,639	6
Textiles	8,329	12	47,334	5
Weaving apparel, dressing and dyeing	70	0	232	0
Tanning and dressing of leather, luggage, and footwear	801	1	10,624	1
Wood and products of wood	2,419	4	10,232	1
Paper and paper products	1,766	3	23,270	2
Publishing, printing, and reproduction of recorded media	981	1	12,355	1
Chemicals and chemical products	3,351	5	60,842	6
Rubber and plastic products	1,678	2	18,467	2
Non-metallic mineral products	1,744	3	79,823	8
Basic metals	725	1	28,850	3

Fabricated metal products, except mach	1,099	2	31,209	3
Machinery and equipment	289	0	5,438	1
Electrical machinery and apparatus	582	1	12,290	1
Medical, precision and optical instruments	13	0	67	0
Motor vehicles, trailers and semi-trailers	324	0	2,595	0
Other transport equipment	10	0	1,367	0
Furniture	1,149	2	19,040	2
Total	68,778	100	952,786	100

Source: JICA Study Team, Feb 2005

2.3 Uganda

2.3.1 Overview of Business Environment for SMEs

Uganda has achieved good performances of approximately 5-6% economic growth and controlled inflation in the recent years, and has been recognized as a success story in the Sub-Saharan Africa. However, the domestic market scale has been generally limited because the national population is only 24.6 million and GDP per capita is US$ 320 (in 2003).

The interview survey suggests that the monthly average wage in Uganda is approximately US$ 60-100, which could reduce the rate of labor cost to the sales for enterprise sector. On the other hand, the business infrastructure has been still poor and costly. In terms of roads, although the primary road network is generally good, maintenance is a problem. The secondary road system needs a great deal of work, and some unpaved roads become nearly impassable in the rainy reasons. There is no passenger rail service and cargo service is limited.

Costs of electricity seem to be also high for SMEs. In business practice, electricity problems including load-shedding and voltage fluctuations can cause problems for business machines. Stabilizer, surge protectors, uninterrupted power suppliers, and even independent electrical generators are required for business sector.

Uganda appears to be a country where the people need to become an entrepreneur to survive. Based on the *GEM World Report 2003*, Uganda has the highest rate of "Necessity Entrepreneur" (NE)[53] of 13.17 % followed by Venezuela with 11.58%. It might be reasonable to say that talking about the above tough business environment does not make a lot of sense to those NEs.

It must be noted that a large part of those entrepreneurs are classified as an "informal sector". Although the actual condition of the informal sector has not been clarified, the *Doing Business in 2004* of the World Bank shows that the rate of informal economy is 43.1% in Uganda.

As for the financial resources of SMEs in Uganda, there are some financial institutions such as 15 commercial banks, a large number of microfinance institutions, credit institutions and private money lenders. However, because those financial institutions are not active about SME finance, loans are generally difficult to get for SMEs, especially for small to medium enterprises with the potential to grow. Also, the interest rates are so high that SMEs cannot borrow easily from financial institutions. According to the SME interview survey, the annual interest rates range between 15% and 22% for banks, and between 25% and 40% for microfinance institutions.

[53] NE is a person who starts a business because he/she had no better choices for work (the Global Entrepreneurship Monitor).

2.3.2 Business Profiles of Interviewed SMEs

The study team visited 11 SMEs in Uganda. They are seven manufacturers, three service businesses, and one agricultural business. The manufactures are doing business in the various sectors such as printing, furniture, uniform, seeds, instant coffee, machine processing, and bricks. Those three service businesses are office cleaning service, hotel and hospital. The company in agricultural sector produces coffee.

The companies with 5-20 year experiences are 8 out of 11 companies. If the interviewed companies are categorized by the annual sales, there are seven companies with the annual sales of up to US$ 0.5 million, and three companies with the annual sales of US$ 0.5 - 3.0 million, and one company with the annual sales of more than US$ 3.0 million.

2.3.3 Challenges of SME Management

The interview survey suggested that the problems of SME management existed in the fields of all management resources such as human resources (management team, labor), manufacturing process/ facility for service, financial resources, etc. In response to the question "What are the most serious challenges/difficulties in your business?", 5 out of 11 companies answered "difficulty in financing". Other serious difficulties raised by interviewed SMEs are as follows: "shortage of human resources" (four companies), "excessive inventory" (three companies), and "high rate of inferior products" (three companies).

Assuming that the interviewed SME can be divided into three categories by sales scale, the first category is the companies with the annual sales of up to US$ 0.5 million, the second stage is the companies with the annual sales of US$ 0.5 - 3.0 million, and the third stage is the companies with the annual sales of more then US$ 3.0 million. Considering the management difficulties and growth stage of each interviewed SME, the main challenges remains in creating new business and technology/ manufacturing process for the SMEs on the first stage. The main challenges for the SMEs on the second stage are identified as capacity-building of management and financing for new investment. For the SME on the third stage, the main challenges are related to the access to overseas market and financing for expanding their capacity to meet with overseas market.

In addition, it was found from the interview survey that there were various business risks surrounding SMEs in Uganda (See ANNEX II-3). They included the followings: small domestic market, weak purchasing power, frequent job-hopping, high costs for electricity and transportation, high administrative costs (e.g. custom department, revenue authority), heavy burden of bank loans' interest rates, long-term collection period, difficult to get bank loans, etc.

2.3.4 Factors of Success

In spite of the above-mentioned various business obstacles, the interviewed SMEs have survived and achieved good performances. Based on the interview survey, it was found that there were some SME management characteristics. The common success factor is to have obtained good customers by the following strengths: good concept of top management, corporate culture of "customer first", managing directors' technical expertise, being in a growing or stable market, existence of "main bank", valid business idea, some training for employees, etc. (See ANNEX II-4)

Furthermore, the SMEs with the annual sales of more than US$ 0.5 - 3.0 million shows common characteristics such as successful products, new products to be planned to sell, several products, pyramid-shaped organization, high moral of employees, higher competition with big enterprises, focusing on niche market, management of business result by section, grasp of profit-contribution, formation of profit plan for next year, balanced personality of manager, started business at the age of

20-30, etc. There is a company with annual sales of more than US$ 3.0 million. The characteristics of the company are as follows: being a leader in the region, huge market scale, long-term business plan, manager's strategic way of thinking, etc.

2.3.5 Good Practices

In the interview survey, corporate data were gathered from 11 SMEs in Uganda. The following three companies are examples of good practices.

Case A

Company Name	KWERA Ltd.
Company Profile	Business Type: manufacturing of uniforms Establishment: 1991 (13 yr.) Registered Capital: US$ 6,000 Form of ownership: limited company Number of Employees: 90 Annual Sales: US$ 411,000 Total Assets: n.a.
Strengths and deep-analysis on reasons for the strengths	The entrepreneur Mr. Augustin I. Bwankosya started his retailing business of imported clothes in 1991. The number of employee was two when he started his business. Just after the business start-up, because importing textiles were suddenly prohibited by the government, he tried to shift to manufacturing of clothes, and about 5 year later, started undertaking of uniforms production. He has cultivated new good customers such as SHELL, Seraton Hotel, and MTN (biggest mobile phone seller), while coping with customers' request of high quality and small order. He has realized continuous good performances in the recent years.

Case B

Company Name	Nina Interior Ltd.
Company Profile	Business Type: manufacturing of furniture Establishment: 1999 (5 yr.) Registered Capital: US$ 60,000 Form of ownership: limited company Number of Employees: 49 Annual Sales: US$ 1,470,000 Total Assets: US$ 940,000
Strengths and deep-analysis on reasons for the strengths	The founder Mrs. Alice Karugaba started her business in retailing of grocery in Kampala, and expanded its goods to furniture in 1979. Since the establishment of Nina Interior Ltd., the company has handled domestic furniture, imported furniture, curtain fabrics, blinds, accessories, doormats, flowerpots, artificial plants, plastic chair, etc, and provided enrich living environment. While the company sells high quality products imported from Malaysia, the South Africa and US, it has built a loyal client base that includes government, embassies, multinational organizations, international donors, large companies in Kampala.

Case C

Company Name	Afro-Kai Ltd.
Company Profile	Business Type: manufacturing of seeds Establishment: 1984 (20 yr.) Registered Capital: n.a. Form of ownership: limited company Number of Employees: 59

	Annual Sales: US$ 4,500,000 Total Assets: n.a.
Strengths and deep-analysis on reasons for the strengths	The founder Mr. Chris. R. Kaijuka started her grain business in Kampala in 1984, and shifted to manufacturing of seeds in early 1990s. In 1999, he established a subsidiary company for strengthening R&D, and started export to Europe by collaborating with NARO (the National Agricultural Research Organization) programme. Since the establishment of Afro-Kai Ltd., it has established a strong network with approximately 700 farmers and its thousands of tenant farmers all over Uganda. Because the R&D has produced excellent result of meeting with the overseas market needs, the company has increased its export not only to Europe but to Tanzania (2002-) and Kenya (2002-).

2.3.6 Supporting Needs for SMEs and SME Promotion Policies

Given the situation that the SME policies have just started in Uganda, support for SMEs has not been fully conducted by the government. Indeed, as for technical assistances and vocational training, there are a lot of relevant public organizations such as Management Training and Advisory Center (MTAC), Nakawa Vocational Training Institute (NVTI), Uganda Industrial Research Institute (UIRI), etc. However, those efforts have not fully answered to the growing needs of SMEs all over the country.

TABLE II-6: SME Supporting Needs and Government Support in Uganda

Business Scale	Legal Definition (less than)	Difficulties/Supporting Needs	Government Support
Micro	Employee: 5 Investment: US$ 2,500 Annual sales: US$ 50,000	- Difficult business creation - Lack of technology transfer - Renovation of production process	Technical and vocational training by NVTI, Lugogo and Jinja, Technical colleges of Mbale, etc. Technology development by UIRI, UNCST, MU, KYU, etc. Business support by MTAC, MUBS, UMI and BUDS
Small	Employee: 6-50 Investment: US$ 100,000 Annual sales: US$ 300,000	- Lack of management ability - Difficulty in getting loans for equipment	
Medium	Employee: 1,000 Investment: US$ 500,000 Annual sales: US$ 1,000,000	- Difficult access to overseas market - Difficult financing for equipment and working capital to increase sales and production capacity	Marketing services by UEPB Testing and quality assurance services by UNBS

Note: 1) The definition of SME was provided in the MSE policy document prepared by the Micro and Small Enterprise Policy Unit of the Ministry of Finance, Planning and Economic Development.
2) "Investment" on the definition of SME excludes land and building.
3) Abbreviations in the above table:

NVTI	Nakawa Vocational Training Institute
UIRI	Uganda Industrial Research Institute
UNCST	Uganda National Council of Science and Technology
MU	Makerere University

KYU	Kyambogo University
MTAC	Management Training and Advisory Centre
MUBS	Makerere University Business School
UMI	Uganda Management Institute
BUDS	Business Uganda Development Services
UEPB	Uganda Export Promotion Board
UNBS	Uganda National Bureau of Standard

Source: JICA Study Team, Feb 2005

Under the present situation, private BDS providers have been developed in Uganda, especially in Kampala where approximately 70% of SMEs are located. As for the technical and vocational training, there are Buganda Royal Institute of Business and Technical EduBRIBTE, Masaka T.S., Kitovu T.S., Nile VTI, etc. Also, there are a lot of SME support institutions in the field of management support, technology transfer, business consultancy, marketing services.

However, in the country like Uganda where the people need to become an entrepreneur to survive, there is the great potential need of business and technical support for entrepreneurs and micro to small enterprises.

2.3.7 Policy Recommendations

Under the above-mentioned situation, a lot of public and private SME support institutions have made great efforts to assist for entrepreneurs and micro to small enterprises in Uganda. Considering that factors of SME's success are related to the ability of SME managers including technical expertise and good business concept, the existing vocational trainings and BDS services for entrepreneurs/ SME managers are fundamentally relevant. However, there are remaining issues. First, the existing supporting activities have not met the potential needs of newly growing SME sector. Secondly, because there is not a governmental policy-coordinating organization in Uganda, some of SME supports have been overlapped among SME support institutions. If this overlap is taken away, the efficiency of BDS function will be enhanced more from the national point of view. The political coordination of public SME assistance activities might be helpful to the achievement of the higher coverage of SME support activities all over the country. Thirdly, SMEs are reluctant to spend much on BDS or cannot afford training due to their limited financial resources. This implies that more commitment by public BDS provider is significantly required for the SME sector in Uganda. Finally, in response to the emerging needs of medium-sized enterprises with the potential to grow, any special BDS except UEPB and UNBS have not been found in Uganda. More attention should be paid to some medium-sized enterprises with the potential to grow and give economic ripple effects in future.

Based on the above observation, the following two policy measures are recommended.

- The establishment of a governmental organization in charge of BDS providing and coordinating BDS for SMEs:

Objectives	To establish a governmental organization that will provide BDS for micro and small enterprises and coordinate SME support activities conducted by all public providers of technical/ vocational training and BDS.
Expected Effect	(1) More efficient BDS will increase the number of SME beneficiaries all over the country. (2) The survival rates of start-up businesses will increase through the SMEs' receive of BDS, and this will strengthen the skirts of domestic industry.
Outline of Project	In order to achieve the objectives, the project will include the following

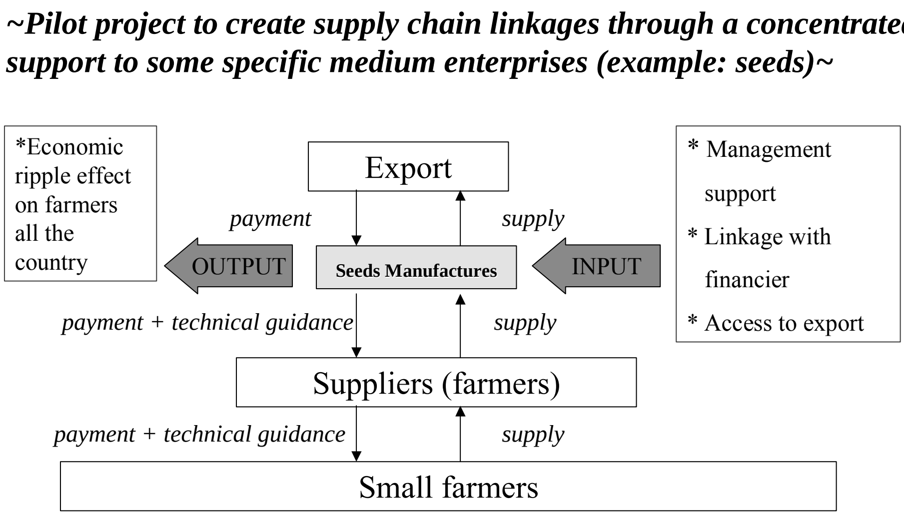
	components. (1) Establishing a working group by getting the staffs from the relevant ministries and public organizations. (2) Preparing a concept paper on the establishment of a governmental organization in charge of providing BDS and coordinating SME support activities of public BDS providers. (3) While discussing with the relevant ministries such as Micro and Small Enterprise Unit of the Ministry of Finance, Planning and Economic Development, the detailed plan and F/S for the establishment of the governmental organization will be prepared. (4) Drafting the basic law on the organization. (5) The newly established organization will be staffed through getting loaned officers from both public and private BDS organizations. (6) Conducting staff training for launching out BDS providing for micro and small enterprises.
Recommended TA Project and Time Frame	Dispatch of experts within a year (24 M/M in total). The experts will include: (1) two experts on SME promotion policies, and (2) four experts on SME supports/BDS.

■ Pilot Project for Creating Supply Chain Linkages:

Objectives	To create supply chain linkages.
Expected Effect	Establishing supply chain linkages will give economic ripple effects to a wide range of supporting industries including micro to small enterprises, and eventually to the industry the targeted companies belong to.
Outline of Project	In order to achieve the objective, while one of the relevant business associations becomes a counterpart, the project will include the following components. (1) Industry study to select a few industries or companies that are promising and expected to give economic ripple effects on supporting micro or small enterprises. Based on the SME interview survey, the study team has found some promising industries in Uganda as following table shows. (2) Design the specific business plans, supporting plans and F/S for each selected industries or companies. The image of project structure is as the figure below shows. (3) Provide full-support to the selected industries or companies by using all resources such as government support facilities, network with banks and foreign companies, technical advisors, export marketing advisors, human development experts, etc.
Recommended TA Project and Time Frame	Dispatch of experts within 2 years (48 M/M in total). The experts will include: (1) two experts on industry survey, (2) two experts on industry development, and (3) four experts on specific industry such as agriculture products, textile, furniture, etc.

Note: Main business associations in Uganda are as follows: Uganda National Chamber of Commerce and Industry (UNCCI) and Uganda Small Scale Industries Association (USSIA).

FIGURE II-2: Image of Pilot Project to Create Supply Chain Linkages in Uganda



Source: JICA Study Team, Feb 2005

Based on the interview survey, the study team has found some promising industries in Uganda as following table shows.

TABLE II-7: Promising Industries in Uganda

Industry Type		Details
Agricultural Products	Seeds	Uganda's agricultural land is considered among the best in Africa. Agriculture accounts for a large percentage of GDP and larger percentage of export earnings. Agricultural production and processing will remain the main industry of Uganda's economy for the future. The seeds are one of promising products that would need R&D for meeting the requested standard in overseas market.
	Coffee	Currently, Uganda coffee producers find it difficult to meet sanitary standards required to export to Europe, the US and Japan. Also, the production capacity is not enough to export. However, there seems to be some potential SMEs that have tried to meet the requirement of exportation.
Light Manufacturing	Furniture	Most production in Uganda has centered on import substitutes in less complex products such as textiles, plastic goods, household consumer goods, cosmetics, footwear and furniture. Furniture industry with thousands of small manufacturers has the possibility to grow if the supply chain system works well in Uganda.
	Textile	Uganda has begun to export less-expensive consumer goods throughout the Great Late region. Tariffs within the East African Community will be eliminated due to the recently singed Customs Union. Therefore, the possibility of textile production for export has increased in Uganda.
Tourism Services	Hotel	Tourism industry has continued to grow slowly in Uganda. The March 1999 attack on gorilla-trekking tourists at Bwindi National Park setback Uganda's previous effort to expand

		tourism. However, Uganda is one of the three countries with rare mountain gorillas in Bwindi and Mgahinga national parks, and security has been increased. Uganda boasts two significant game parks, Queen Elizabeth and Murchison Falls, and a few small parks. In addition, Uganda recently has hosted several continent-wide conferences and it is trying to market Entebbe and Kampala a convention centers. In such a situation on tourism industry, expanding and upgrading hotel facilities will be possibly needed.

Source: JICA Study Team, Feb 2005

2.4 Ghana

2.4.1 Overview of Business Environment for SMEs

Ghana achieved its national independence in 1957. It has a population of 20.4 million with GNI per capita of US$ 320 in 2003. According to the statistical data by the World Bank, the annual growth rate of GDP was 4.5% in the year 2002, and 5.2% for 2003 as preliminary estimate. Prior to these years, the average annual growth rate of GDP was 4.3% from 1993 to 2003, and 5.0% from 1983 to 1993. These figures show that the country has been achieving relatively stable economic growth over the decades after 1983. The average annual growth of exports of goods and services from 1983 to 1993 was 9.9%, and in 2003 it was 2.7% as preliminary estimate.

TABLE II-8: Average Annual Growth Rate of GDP and Exports in Ghana

	1983-93	1993-2003	2002	2003	2003-7 forecast
GDP	5.0%	4.3%	4.5%	5.2%	4.9%
GDP per capita	2.0%	2.3%	1.9%	2.5%	2.6%
Exports of goods and services	9.9%	7.1%	-1.7%	2.7%	4.2%

Note: 2003 figure is preliminary estimate.
Source: The World Bank, *Ghana at a glance, Sept.15, 2004*

With respect to structure of economy, in terms of percentage of GDP, 'Services' industry occupies 40.1%, while 'Agriculture' 35.2%, and 'Industry' 24.8%. Out of 'Industry', 8.4% belongs to 'Manufacturing' which is one-thirds of industry category. It is noted that during the past two decades, the structure has been changed as shown in the table below. The share of Agriculture has been decreasing, while Industry category became 4 times as bigger than before. Percentage of Manufacturing has doubled.

TABLE II-9: Structure of the Economy As Percentage of GDP in Ghana

	1983	1993	2002	2003
Agriculture	59.7%	36.9%	36.0%	35.2%
Industry	6.6%	24.8%	24.3%	24.8%
(Manufacturing)	(3.9%)	(9.4%)	(9.0%)	(8.4%)
Services	33.6%	38.3%	39.7%	40.1%

Note: 2003 figure is preliminary estimate.
Source: The World Bank, *Ghana at a glance, Sept.15, 2004*

Regarding the condition of basic infrastructure which may affect business activities, Ghana overall does not have sufficient level of infrastructure such as water supply, well-paved road network for distribution, sanitary environment, etc. In Accra and Tema district, however, where the SMEs interviewed are located, infrastructure is relatively well developed. Yet, problems still remain in some areas in providing water and in securing hygiene environment. One company interviewed had to purchase its own water tank to cope with the shortage of water supply since the supply occasionally stops. Especially, for food processing industry, improvement of hygiene situation including solid waste management is an important agenda for management. One food processing company has been planning to relocate their factory to cleaner environment.

As for financial conditions for business, SMEs feel that the lending rates of commercial banks are very high at around 30-40%. In addition, medium to long-term funds are not available despite they are needed for working capital equipment purchases. As a result, most SMEs are forced to count on informal financial resources such as friends and relatives.

With respect to interest for lending to SMEs by financial institutions, in Ghana, there are few private commercial banks which are actively promoting SME lending. In financial institutions, it was pointed out by the high official in Ministry of Trade and Investment that there is shortage of human resources who are well-versed in SME lending and its know-how. This would be a major hindrance to promotion of SME lending in the future.

Some of the government institutions are providing training to managers and employees of SMEs. In the interview survey, it was observed that the training and seminars provided by NBSSI were relatively well known and used by SMEs. However, generally speaking, SME policies formulated by government are not very well recognized by the private sector. It seems that SMEs are not expecting much from government as to assistance and policy-based lending.

For the commercial practice of granting credits between supplier and purchaser, the payment is primarily based on cash on delivery. Credit up to 30 days is also accepted depending upon customer relationship. Collections of accounts receivable are sometimes unstable especially in the case of retail transaction due to economic condition.

2.4.2 Business Profiles of Interviewed SMEs

In this survey, the study team visited 13 SMEs in Accra and Tema area including manufacturing and services. The major business sector includes food processing, cosmetics, textile and garments, furniture and pharmaceuticals. Namely, the product lines of these thirteen enterprises are: for textile and garments: batik, clothing, shirts, for food processing, spices, dehydrated foods, pepper/ jam/ fruit juices, bottling and canning of African foods; and for pharmaceuticals: nutritional iron/ expectorant, and for others, furniture and cosmetics.

Regarding the year of establishment, it ranges from 1942, which is the oldest, to 1999. Most of the companies were established within 10 years to 15 years, namely, started their operations in 1990s. The oldest company founded in 1942 is Nkulenu Industries Ltd., which is now being operated by the second generation of the founding family. It is very highly regarded that Nkulenu has been operating for more than sixty years and management is passed on to the younger generation as a successful company.

With respect to the number of employees, among the companies surveyed, the smallest one had 3 employees in total, and the biggest was 200. Out of the 13 samples, there were 5 companies with less than 10 employees, 4 companies between 10 and less than 50 employees, 1 company between 50 and less than 100 employees, and 3 companies which had 100 employees and more.

As for the form of ownership, most of the smaller sized enterprises are individually or family owned. Out of the interviewees, one company, Premium African Textiles Co. Ltd belonged to bigger group of Ghanaian traditional clothing manufacturer. It is established as the specialized distribution and trade arm within the group. One company, Ghandour Cosmetics Ltd is owned by a foreign family whose relatives have successfully developed their business in other West African country. In both cases, they have a certain advantage in their financial conditions compared with other SMEs, in a sense that they are financially backed by the strong position of the group business or the family.

The career background of presidents and founders of interviewed SMEs varies but many of them have a certain business experiences in the industry before they start their own company. One owner studied in U.S.A, got degree there, and came back to Ghana to start his own food processing company after working for American food processing company for a while. The founder of pharmaceutical manufacturer had experience in several jobs as expert in the industry, namely, working for major foreign pharmaceutical company and also working as medical representative, which gave him sufficient knowledge, human relations network and business experience in the industry.

2.4.3 Challenges of SME Management

In garments and textile industry, there is growing and fierce competition with low priced Chinese products. Smuggled and copied goods are also serious concern among SMEs, which are affecting turnover of SMEs. The distribution company of major batik brand and also the owner of small batik manufacturer mentioned that their product design is studied and copied within the market. It is difficult for individual companies by themselves to take effective countermeasures towards these copied products.

In this regard, SMEs are expecting the Government to take some countermeasures in controlling smuggling and illegal copy of goods. The Association of Ghana Industries (AGI) for instance, is also expected as a major lobby group representing the manufacturers which gives influence to government policies to protect domestic industry from illegal practices. In responding to the growing threat of low priced products from abroad, managers of SMEs are trying to survive by adding value to products, maintaining high quality and targeting higher end customers.

Financial management, especially funds procurement and maintaining sustainable cash flow is the biggest and common challenge for SMEs. Private commercial banks are difficult to access due to strict security (collateral) policies and cumbersome application procedures. It is rare that entrepreneurs are approached by the bank side.

Demands for fixed assets are high to replace aged machinery and equipment, but SMEs lacks in means of financial resources. Medium to long-term funds with reasonable interest rates are badly needed. There is also demand for working capital.

According to NBSSI, often, financial statements are not made properly especially in the case of micro and smaller enterprises. Correct financial figures are generally difficult to obtain especially for smaller companies. This is also affecting the accessibility of banks for SMEs because banks require documentation of business plans and financial statements to evaluate the credits when they process loan applications.

2.4.4 Factors of Success

In the survey, the study team asked each interviewee to list key factors of success and strength of companies they run. The answers as well as the study team's own observations are described in detail in the ANNEX II-2 attached to this report. There are some common factors that makes SMEs successful. Some SMEs are successful by pursuing; (i) good quality control of products, (ii) improvement of customer services by trying to meet their needs, and (iii) development of overseas market.

For manufactures, strong commitment for product quality and its control is one of the most important goals to pursue. SMEs have to penetrate into existing market, or sometimes create and develop a new market, often in competition with other major players. In order to capture a place in the shelves of supermarket or in the hearts of consumers, product quality is often the first step for entrepreneurs to achieve to get attention in the market. Among companies interviewed, Peace Furniture, for example, is pursuing product quality by the owner's strict standard requirement for choosing raw material. He purchases only the best wood and other raw materials in the market to maintain the high standard of furniture they produce. His strategy seems successful to capture the market needs and expand the customer base. It is noted that most SMEs in Ghana have relatively aged machinery and equipment. The training of production staff is also needed. In this environment, the managers are struggling to achieve higher product standard. The constant pursuit of quality is the major factor of success to expand market share and customer base.

The second factor is good customer service. Once they have captured even a very small share or position in the market, they face another challenge for managers, that is, to maintain and to expand their customer base. In order to achieve this, it is important to keep customers by constantly offering them assured product quality and customer services. A small business owner of garment and clothing business mentioned that personal touch of customer relations are sometimes needed and important for SMEs.

The third factor is development of overseas market. It was observed some companies are successful by selling in overseas market. For example, Ghandour Cosmetics Ltd is selling its cosmetics product in neighboring West African market. Nkulenu Industries Ltd, Athena Foods Ltd and Elsa Foods Ltd are selling their food product in European market for fruit juices and African food product. As marketing strategy, Nkulenu and Elsa Foods are targeting African people living abroad by providing quality African food products. On the other hand, Athena Foods chose to target general consumers in overseas market. For example, Athena's fruit juice has successfully penetrated into German market by pursuing product quality which meets European standard and targeting general consumers.

2.4.5 Good Practices

In the interview survey, corporate data were gathered from 13 SMEs in Ghana. The followings are examples of good practiced companies.

Case A

Company Name	NKULENU INDUSTRIES Ltd.
Company Profile	Industry Type: manufacturing Business Products: food processing Establishment: 1942 (62 yr.) Registered Capital: 13 million cedes Form of Ownership: limited liability company Number of employee: 50 Total Assets: 147 million cedes Sales: 2913 million cedes (2003)
Strengths and deep-analysis on reasons for the strengths	The company was found by the Ocloo family and has been operating successfully more than 60 years. Nkulenu established its brand for African food with its variety of product lines. The company is the first company in Ghana which has successfully introduced Palm Drink as commercial product. Another popular product is canned palm source base, which earned the 14th national Award for Export Achievement in 2002 by Ghana Export Production Council. It is exported mainly to European market. The strengths of the company includes unique and diversified product line, high quality products which fit to consumer tastes, marketing strategy which captured African population in overseas market especially in Europe and established brand name.

	The challenges facing Nkulenu are: expanding customer base, difficulty in obtaining overseas market information, for example, information on Japanese market, difficulty in obtaining additional financing and environmental management to keep production environment clean.

Case B

Company Name	YOOFI'S PHARMACY LIMITED
Company Profile	Industry Type: manufacturing Business Products: nutritional iron, expectorant Establishment: 1983 (21 yr.) Form of Ownership: 100% owned by the founder, Mr.Yoofi Number of employee: 6 Total Assets: N.A Sales: 500,000,000 cedes
Strengths and deep-analysis on reasons for the strengths	The company was found by Mr. Yoofi in 1983. He has a long experience in pharmaceutical business and industry as a former hospital pharmacist and medical representative at a major pharmaceutical firm. He has wide knowledge and human resources network established in the pharmaceutical industry established over the years. From his experience as hospital pharmacist, he knows customer needs very well. His company's strength also lies in strong commitment to R & D and pursuit of excellent quality of products. They are the reasons why a small company of six people has been surviving in the business for over 20 years in the market in competition with giant players in pharmaceutical business.

2.4.6 Supporting Needs for SMEs and SME Promotion Policies

Generally speaking, SMEs in Ghana needs assistance in various fields of management including finance, marketing, production, human resource training and business administration. There are factories which need improvement of machinery, equipment, clean production environment and effective production measures.

Among various fields of possible assistance, one of the most important areas is fulfillment of SMEs financing needs. SMEs and entrepreneurs have strong demand both for working capital and fixed asset financing. However, as mentioned earlier, there is no effective policy-based lending in the country which SMEs can count on. Also, private commercial banks are not interested in promoting or expanding SME lending.

Secondly, another important area is management advice on production and factory operations. SMEs are struggling day by day to achieve higher product quality and more efficient production. It was observed that food hygiene expert of JICA dispatched to NBSSI, for example, is very highly regarded by Ghanaian side for his consulting activities for better production and factory operations, which resulted in SMEs' improved product quality. Therefore, management consulting activities with emphasis on factory visit and hand-on advices are effective. There is strong demand for experts for production management and factory operations to pursue better quality control and environmental management.

2.4.7 Policy Recommendations

The following recommendations should be made in the area of SME management.

First, to contribute to better access to finance in order to meet demands for working capital and fixed asset needs of SMEs. The possible terms of reference would be as follows;

(1) Study current situation of SME lending in detail, identify key players, major policies, institutions, hindrances to promote SME lending.
(2) Formulate possible solution options including new policy-based lending scheme, including possibility of establishing specialized SME lending institution.
(3) Develop human resource development program to deal with SME lending.

Second, especially for Japanese government, it should be considered to dispatch experts such as senior volunteer, long-term or short-term experts in the area of SME policy, SME financing, production management or factory operations to relevant government agency such as NBSSI. Also, human resource development and training programs in Ghana and Japan for those engaged in SME related policies in ministries, the government or non-government institutions should be conducted.

2.5 Nigeria

2.5.1 Overview of Business Environment for SMEs

Nigeria has the largest population in Africa (130 million) and this huge population makes a very attractive domestic market. Also, geographically, Nigeria is located in the center of West Africa and is well positioned for importing and exporting.

However, due to poor infrastructure including unstable electricity and water supply, and low pavement ratio of roads, there is a serious problem for small and medium scale manufactures.

There is a financial system for SMEs such as guarantee scheme of the Bank of Industry (BOI) to promote lending to SMEs from commercial banks. However, their diagnosis capability is not sufficient and this guarantee scheme does not function well. As a result, when commercial banks provide lending to SMEs, conditions are quite unfair because short-term lending of less than 6 months is provided and the interest rate is more than 20%.

Consequently, Nigerian manufactures must wait even though they know of attractive business opportunities until they can manage to gain investment funds for new machines. On occasion, they lose such opportunities because the competitors importing from China and the Middle East take those opportunities.

2.5.2 Business Profiles of Interviewed SMEs

In this survey, the study team visited 19 SMEs in Lagos, Nigeria including nine food processing companies, three cosmetic and skin care manufacturers, electric machines manufacture, automobile parts manufacturer, construction material manufacturer, furniture manufacture, insecticide manufactures, PVC pipe and pipe fitting manufacture and ink manufacture.

Many CEO’s are also the founders of the company, that is, the so-called company owner CEO. They studied abroad, and a few of them have experience of working for foreign companies before deciding to establish their own company. They established their companies by collecting money from family and friends. They focus on one business area and do not establish conglomerates, which is more common in Cameroon.

However, almost all companies the study team visited use second hand and old machines for manufacturing goods. Only one company uses a brand new machine for producing vegetable juice.

In marketing, many SMEs use a professional market researcher for collecting market information. Because government and industry associations do not provide much information, SMEs prefer to use a professional market researcher and collect necessary data and information as well as analysis of target market, market needs, business opportunities and cases in foreign countries before they decide to launch new products or go to new business. As for the method to collect market information, using a professional market researcher is common in Nigeria, as well as information collection from sales representatives, wholesaler and own market staffs. Additionally, SMEs believe that attending trade fairs is very important for not only collecting information on competitors and industries but also receiving direct order at trade fair.

Regarding finance, almost all companies buy raw material in cash (actually by bank check), and some of them get credit of 30 days. When selling products, the condition of transaction is almost the same. The problem for SMEs is that some customers cannot pay until the due data and must wait more than 60 to 90 days, although the term of credit is 30 days.

Many companies find it very difficult to borrow money from banks, even if they have bank accounts for payment and receipt with bank checks. Some CEOs try to borrow from banks, but their applications for loans are refused for various reasons, while others have bad experiences such as long protocols, short-term loan maturity and very high interest rates.

Generally, SME founders have extensive knowledge and experiences in the business field before starting a business, as well as a strong belief in their management know-how and manufacturing technology. For this reason, many founders conduct in-house training for engineering staffs. It is found that CEO’s commonly use IT for e-mail, internet access, and accounting. They use accounting package software and some of them also use package software for manufacturing with stand-alone computer. However, it is still uncommon to conduct trade or business promotion through the use of a web page.

2.5.3 Challenges of SME Management

The most serious problem facing Nigerian SMEs is the unstable electrical supply. As electricity is not supplied in a stable manner, they must procure electric generator. However, the cost of fuel (diesel oil) and maintenance have been increasing. Most companies can only buy second hand generators that break frequently, driving up the cost of maintenance as well as the loss of business during generator repair. In addition, the electrical capacity of the generator is not large enough for full operation of machines and equipments. They must produce products with minimized production capacity of machines. Water supply is also unstable, but most manufactures intake water from their borehole. Unpaved road may contribute to the damage of goods when delivered, but many managers recognize that state customs and special tax to policemen when goods cross the state border are the primary problem. This kind of tax is not official government tax but rather under-the-table money.

The second challenging issue is the unstable supply of raw materials. Most manufactures rely on imported raw materials from Europe and Asia. However, supply of those imported raw materials is unstable and the market price rapidly changes. It frequently takes a long time to receive material, and manufactures must keep a 6-month supply of stock to prevent a shortage of raw materials. If SMEs could not buy raw material in bulk, they could not procure raw material constantly and also the price become very expensive. Inefficient custom clearance system also creates instability in importing raw material. This situation is caused by corrupted customer officers.

In addition, cheap products imported from China and the Middle East creates difficulty in the marketplace. Smuggled products are sold widely in Nigeria, which lead many CEO’s to complain of unfair competition in a difficult manufacturing environment. If a competition is conducted on a fair playing ground, many CEOs believe that they can do much better.

2.5.4 Factors of Success

Basically, the most important key factor to success for SMEs is to find a good niche market. There are a lot of potential for niche markets in Nigeria due to its large population and good geographical location.

The second key factor to success is to avoid straight competition with cheap products affordably sold in domestic market imported from China and the Middle East. Successful companies always try to change their product design for making them Nigerian friendly and more African friendly. They rather focus on replacing imported goods from developed countries with their own products. Although it is difficult to jump into so-called high technology, they manage middle technology with technical assistance or supplied parts from foreign companies in semi-developed countries and rather focus on assembling or modifying for making a more Nigerian friendly design.

The third important key factor for success is to maintain quality along with a high standard of package design. If manufactures maintain a high standard design and quality, even when they do not intend to export, visiting exporters coming from bordering countries notice and may end up buying their products to be exported to neighboring countries of West Africa. It is difficult to create brand image internationally; however, their products and semi-brand image in the Western African market provide a good reputation for manufactures.

Additionally to the abovementioned factors, Nigerian manufactures must solve many problems in a very patient manner. They must save revenue to procure better generators and new machines. In addition, they need to manage competition and find new niche markets to launch new products. A leading key factor to success is the step-by-step efforts patiently executed by management.

2.5.5 Good Practices

Company Name	Bennett Industries Ltd.
Company Profile	Business Type: manufacturing of light fixtures Establishment: 1982 (22 yr.) Registered Capital: 10 million Naira Form of ownership: limited company (family business) Number of Employees: 45 Annual Sales: 89.0 million Naira Total Assets: 195 million Naira
Strengths and deep-analysis on reasons for the strengths	Nigeria's light fixture market is quite competitive due to smuggled products in addition to cheap imported products from China and the Middle East. On occasion, items produced in China are found to sell at a fraction of Bennett's price of similarly made products; however, Bennett is flexible to new design market needs and introduced new technology with the assistance of Malaysian manufacturers. Facing a price war with the Chinese products, Bennett shifted their major target from home use to office and industry use. In order to maintain their home use market position, they introduced a more friendly design of products for the Nigerian and West African people. Nigerian manufactures continue to face difficulties, which include persistently smuggled and imported goods from China and the Middle East, instability of electricity, difficulty in accessing financial assistance, a complex tax system, and corruption by officers when delivering goods. Managing Director led his company with a very carefully executed step-by-step approach. He first decides to shift their target market from home use to office and industry use. He also decided to accept technical assistance from a Malaysian company to manufacture new items such as highway lights and flood lamps aimed at

	replacing imported ones. Because his company could not successfully borrow money from banks under reasonable conditions, he set aside profits to purchase diesel generators solving the electrical instability problem, and saved additional money to purchase extra machines. By initiating these small steps, he continued to patiently maintain and operate his company. Bennett intends to focus and sell their products in the domestic market of Nigeria; however, foreign dealers and Nigerian exporters continue to buy and shipping products to West African countries. Bennett hopes to manage dealers and exporters of their products in a more controllable manner in the near future.

2.5.6 Supporting Needs for SMEs and SME Promotion Policies

The most serious issue for SME is the instability of electricity, as many manufacturing companies need electricity to produce goods. Therefore, advisory support for stabilizing supply of electricity is significantly needed.

Secondly, financing is another serious issue for SMEs in Nigeria. There are a few banks directly providing SME loans or guarantees that encourage banks' SME lending. The executing capability of banks is exceedingly poor and they are unable to efficiently make SME diagnosis. For example, the Bank of Industry (BOI) accepted 600 applications in 2004, but only 37 projects were accepted. In order to break down such a situation, SME managers need to be trained in terms of their business skills and management, while being supported by relevant organizations such as the Chamber of Commerce and Industry (CCI), Manufacturing Association of Nigeria (MAN), and Nigeria Association of Small Scale Industries (NASSI). It is useful to provide training for trainers of CCI, MAN and NASSI.

Thirdly, project type investment for building modern and self-organized industrial estate may also be useful. Thanks to the shortage of power and water, and slow customer clearance process, SMEs of Nigeria could not produce efficiently. Development of modernized industrial estate including IPP and own water supply, own sewerage system and tax exception or change to reporting system (or provide autonomy) for speeding up of customer clearance in near port area shows a model of success on industry development.

2.5.7 Policy Recommendations

In conclusion, the following two policy measures are recommended.

- Advisory support for stabilizing supply of electricity. Also, advisory support for deregulation of electricity including open market for IPP and privatization. Reforming power sector may improve the productivity of SMEs and could support more products for domestic market.

- Providing training programmes for the management consultants of the Chamber of Commerce and Industry (CCI), Manufacturing Association of Nigeria (MAN), Nigerian Association of Small Scale Industries (NASSI), in the field of strengthening the capacity of SMEs to get bank loans. In Nigeria, food processing is one of the opportunity industries for avoiding strong competition with imported products from China and Middle East. Also, there are so many niche markets in Nigeria for food processing products including nutritious food for school children and non-pork food or non-alcoholic drink for Muslims. The food industry should be given the priority when the target of SME beneficiaries in the training programmes is selected.

2.6 Cameroon

2.6.1 Overview of Business Environment for SMEs

Cameroon has a rather small population of 16 million and this small population has a limited market size. Many companies rush to join in the competition after they learn of the potential, which creates hardship when trying to grow to a larger company. To overcome this, entrepreneurs create conglomerates of a related small company around the original one to maintain a viable supply chain. For example, many mini-conglomerates have a manufacturing company as well as trading company in their group.

It is common to have 3 to 4 family companies for Cameroon entrepreneurs, and some of them have more than 100 small companies to create conglomerates.

Cameroon, which is located in Central Africa, has an excellent geographical location for exporting goods to other Central African countries, particularly other former French colonial countries. Many companies export around 20% of their products to neighboring countries to maintain their business.

2.6.2 Business Profiles of Interviewed SMEs

In this survey, the study team visited 12 SMEs in Yaunde and Douala, including three textile companies, three trading companies of steel materials, two metal companies, insecticide manufacture, plastic goods manufacture, food processing company and paper products manufacturer.

Many CEOs are not founders of the company, while founders establish many companies to create groups or conglomerates. Entrepreneurs conduct studies for target areas and decide whether to establish a company, and then recruit or headhunts a person who works as the general director.

Several companies that the study team visited still use second hand and old machines for manufacturing goods, whilst a third of the interviewed companies use brand new machines.

Companies in a conglomerate do not find it difficult to borrow money from a bank. If necessary, owner of conglomerate gives guarantee to city bank and city bank sometimes provides long-term loans with reasonable interest rates. However, this is not the case for single SMEs. When they borrow money from banks, they face many difficulties in getting medium or long-term with low interest rates.

Many SMEs do not use professional market researcher. This is different from the situation of Nigeria. As for daily business information, they use information obtained from dealers and representatives. For special purposes, they sometimes use personal connections and management consultants before making a new company in conglomerate.

In the interview survey, CEOs of conglomerate companies did not mention the trouble regarding corruption. However, single SMEs have a lot of problems with customs officers and policemen. In some cases, if they refuse to pay, the customs officers will send the wrong raw material.

Many companies use training courses by private training company as well as seminar and training courses of the Cameroon Chamber of Commerce and Industry Mine and Crafts.

CEOs are routinely using IT for e-mail, internet and accounting. They use accounting package software in network environment. In addition, many companies have a company home page. However, it is still not common to trade over the internet.

2.6.3 Challenges of SME Management

The most serious challenge for SMEs in Cameroon is how to survive in a limited market. Many companies rush into small markets in Cameroon where there are a lot of low price products imported from China and the Middle East. Therefore, all company must consider exporting in order to keep selling. For this purpose, they must keep a high standard of package design and middle or high quality for exportable goods. If SMEs do not need to compete with imported goods such as daily products, they do not have to worry much about fierce competition.

2.6.4 Factors of Success

Since the Cameroon market is limited, SMEs must consider exporting while maintaining local market share by using the strength of the conglomerates. For exporting, it is important to continue a high standard of packaging design while sustaining a middle standard quality.

The invading imported goods from China and the Middle East seriously damages Cameroon manufactures. Since the market itself is limited, it is difficult to find a niche market. Therefore, establishing and maintaining good package design and quality is the most important key success factor. For this purpose, many companies try to buy new and modern machines for production. For example, Buetec Broderie procured brand new and highly advanced stitching machines from Japan to start their business. Under this strategy, they can compete with foreign companies such as French companies, and can increase the sales in both Cameroon and other Central African countries.

Secondly, efficient and effective establishment of related companies is the next important success factor. Establishing trading company in the group or having trading section after establishing manufacturing company is important. For example, one trading company of steel products successfully established a manufacturing company of metal works to produce metal products for construction. Subsequently, they are now trying to create a civil engineering company to more efficiently win the contract from construction companies. Additionally, they tried to establish an office building maintenance company. Next step is to establish a boiler repair company. They keep establishing small but related companies to create conglomerates. A conglomerate is very useful for financing each other in the group and investing in new machines. Furthermore, banks can provide loans to the companies in a conglomerate by getting guarantee of the owner of group company. In this manner, conglomerates have advantages.

2.6.5 Good Practices

Company Name	Group Yvy
Company Profile	Business Type: manufacturing of fashion clothing Establishment: 1987 (17 yr.) Registered Capital: 1 million CFA Form of ownership: limited company (family business) Number of Employees: 15 plus temporary staff Annual Sales: 30 million CFA Total Assets: 55 million CFA
Strengths and deep-analysis on reasons for the strengths	Madam Mireille Nemale, Manager of Group Yvy is a challenger developing the world with her high standard design capability. She learned fashion design in France and also worked with a famous fashion studio. She then returned to Cameroon and started teaching at a fashion school. Group Yvy is her company for realizing her concept and idea of fashion design. Business development process of high fashion companies like Group Yvy is always similar; design new items and reveal them in a fashion show, dealers

	come to fashion shows and place orders. The Group Yvy also has satellite shops to help identify customer needs and incorporating them into new designs. She is already successful and has a high reputation in international fashion shows in Las Vegas and other development countries. Her design is accepted in international markets. However, she has two serious challenge issues. The first challenge is shifting to mass production. Production capacity of Group Yvy is only several hundred items. She loses a lot of business opportunities because of production capacity shortages. The company is slowly trying to improve production capacity by increasing the number of new and advanced sewing machines. The second challenging issue is battling with illegal copies and imitation products in the domestic market. Since law enforcement of not functioning in Cameroon when it comes to illegal clothing. She loses a lot of business in domestic market with imitation products of her design. While waiting for the strengthening of law enforcement in Cameroon, she tries to continue launching new and attractive designs to the international market.

2.6.6 Supporting Needs for SMEs and SME Promotion Policies

The most serious challenge for SMEs in Cameroon is how to survive and compete with the imported forged products from China and the Middle East. Therefore, to assist in strengthening capacity of law enforcement on protection of intellectual property right is the most urgent needs for assistance. Providing training for protection of intelligent right may also be required.

Second supporting need remains in providing the transfer of maintenance technology to the plant and facility oriented industry. Cameroon is a recycle conscience society and people maintain machines very well. By expanding the maintenance industry, many Cameroon conglomerates could find another business opportunity while creating a more recycle-oriented society.

The third supporting need exists in the assistance for local manufacturing companies who try to produce unique products for exporting. This is because public supporting activities have not met the needs for export marketing.

2.6.7 Policy Recommendations

The following three policies are recommended.

- To assist in strengthening capacity of law enforcement on protection of intellectual property right and provide necessary training for the staffs of relevant organizations. If law of intellectual property right is enforced in Cameroon market, creative SMEs could produce more creative products and get more profits from domestic market. This profit from domestic market and success of domestic market will make energy for promoting export market.

- To transfer maintenance technology to the plant and facility oriented industries. Because of character of SMEs in Cameroon, entrepreneurs makes conglomerate for supporting their core business with supporting business. In addition, the society of Cameroon is much more recycling- oriented. Transfer of maintenance technology and knowledge of plant- and facility-management will support their recycling society and linkage with SMEs sector development in both creating new business area and promoting more efficiently uses of plant and facilities.

- To make export marketing assistances for the SMEs with intentions to export their products for expansion. In Cameroon, food processing is one of the opportunity industries for avoiding strong competition with smuggling and imported products from China and Middle East. Since Cameroon has better accessibility to other Central African countries, design oriented industry such as fashion industry has much opportunity. If Cameroon government controls illegal copy and success to protect intellectual property, they could keep necessary profit in domestic market and exporting more widely to international market. If designer has genius design capability and environment does not make limitation, world of fashion design are open to the world widely. This industry should be given the priority when selecting target industries for this export marketing assistance.

3 Major Findings of the Survey

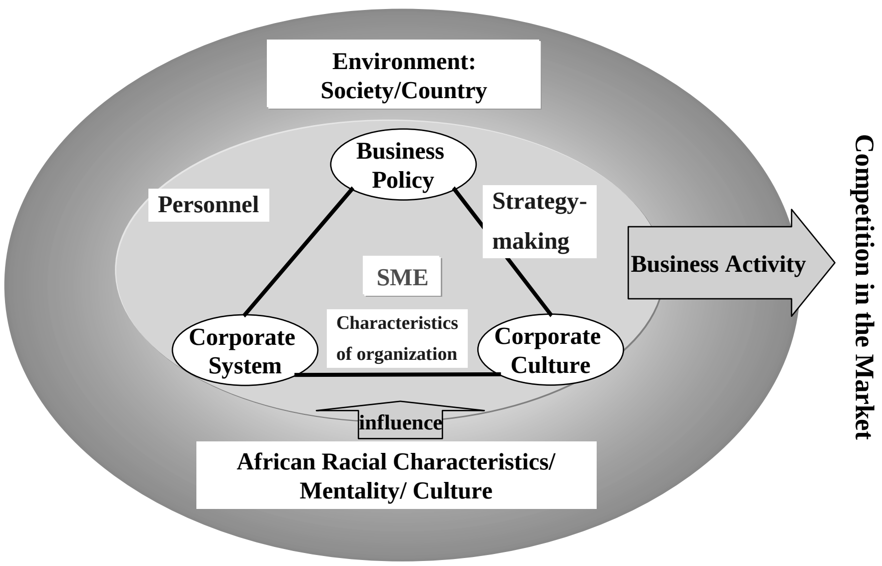
Based on the survey results of each country, there are some remarkable findings as follows:

3.1 Characteristics of African SME Management/ SME Managers

Before the interview survey, the study team had an assumption that it might have been possible to find out some characteristics unique to African SME management and create a business model on them. However, the results obtained were contrary to the assumption, and the special characteristics unique to African SME management were not found clearly in the interview survey, although African SME management has appeared to be influenced by African racial characteristics, mentality and culture.

The survey result helps explain that the African SMEs show their uniqueness generated from being a "SME". Under the relatively tough business environment in African countries, all the interviewed SMEs are surviving successfully for some reasons. The reasons are likely to include good business concept, being in a growing market, highly-motivated manager, manager's technical expertise, flexible and quick management, etc. This observation is quite similar to what is observed in other countries including Japan and Asian countries.

FIGURE II-3: SME Management in African Countries



Source: JICA Study Team, March 2005

3.2 SME Sector's Most Serious Difficulty

3.2.1 Hard Business Environment

In Tanzania, Uganda and Nigeria, the common difficulty remains in the poor infrastructure including roads, ports, electricity, and water supply. This has imposed heavy burden on SMEs' cost structure.

Under the situation that BDS market is not well developed and corporate culture of mutual-aid is not well created generally in African countries, it is not easy for entrepreneurs and SME managers to get technical and management support to improve their businesses.

The interview survey also suggests that one of the most serious barriers for SME growth remains in financing for every focused country. SMEs cannot easily utilize financial leverage to grow. The reasons of SMEs' difficult access to financial institutions seem to exist in both lender's side and borrower's side. The lender has difficulty in making credit evaluation on SMEs by using unreliable financial statement. The borrower, that is, the SMEs are likely to have difficulty in producing financial statement and preparing documents necessary for applying for a loan.

The interview survey also shows that the situations over SME finance are different in each focused country. It seems that Tanzania and Uganda have more serious situations in terms of SME finance, compared with other focused countries. According to *Doing Business in 2005 Sub-Saharan Africa*, credit information indicator across African countries is rated. The index measures whether either public or private credit registries have: both positive information, meaning loans outstanding and payment behavior on accounts in good standing as well as negative information, meaning defaults and arrears. This index varies between 0 and 6, with higher values indicating broader information sharing. The results are as follows: South Africa 5, Nigeria 3, Cameroon 2, Ghana 2, Tanzania 0, Uganda 0. The assumption of this index is that information sharing is associated with deeper credit markets and lower default rates, and credit information is an important indicator of well functioning credit markets.

The indicators on each country's business environment in *Doing Business* also explain that the focused 6 countries are the places where starting-up and doing business are relatively difficult. Based on this observation, it might be concluded that the government of each country will have to consider about continuously improving the business environment. However, the SME interview survey implies that SME managers have not complained significantly about those regulatory frameworks and administrative/ business procedures. Their main complain remains in the followings: 1) the difficult access to financial resources, in particular, medium to long-term loans for investment, 2) poor and costly business infrastructure such as roads, ports, electricity and water supply, and 3) flooded market with smuggled products imported from china and the Middle East.

TABLE II-10: Doing Business in Technonet Africa Member Countries

Elements	South Africa	Tanzania	Uganda	Ghana	Nigeria	Cameroon
GNI Per Capita (US$)	2,600	280	250	270	290	560
Population (Mil)	43.2	34.4	22.8	19.7	129.9	15.2
Informal Economy (% of income)	28.4	58.3	43.1	38.4	57.9	32.8
1. Starting a Business:						
▪ Number of Procedures	9	13	17	10	10	12
▪ Time (days)	38	35	36	84	44	37
▪ Cost (% of income per capita)	8.7	199.0	135.1	111.7	92.3	190.7
▪ Minimum capital (% of income per capita)	0.0	0.0	0.0	1.2	28.6	243.6
2. Enforcing a Contract:						
▪ Number of procedures	26	14	16	21	23	46

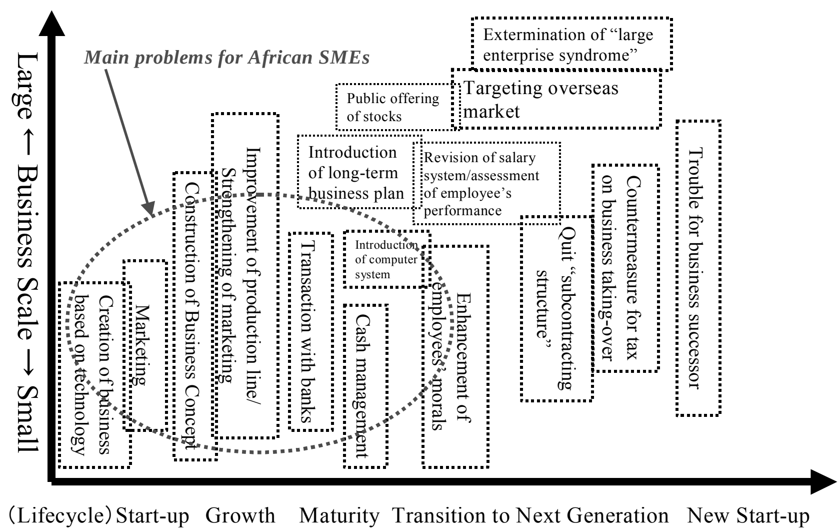
▪ Time (days) ▪ Cost (% of income per capita) ▪ Procedural-complexity index	207 16.7 56	127 3.8 62	99 10.0 40	90 23.8 33	730 6.6 52	548 62.9 63
3. Closing a Business ▪ Time to go through insolvency (years) ▪ Cost to go through insolvency (% of estate)	2.0 18	3.0 8	2.0 38	No practice No practice	1.6 18	2.0 18
4. Getting Credit: ▪ Public credit registry operates?	No	No	No	No	Yes	Yes
5. Hiring and Firing Workers: ▪ Flexibility-of-hiring index ▪ Conditions-of-employment index ▪ Flexibility-of-firing index ▪ Employment-law index	42 36 30 36	57 77 49 61	33 44 50 42	33 56 17 35	17 76 36 43	48 43 39 44

Source: World Bank, *Doing Business in 2004*

3.2.2 Continuous Challenges for SME Management

The survey result clearly shows that SMEs have continuous problems in accordance with its growth stage, and implies that the main challenges for most African SMEs remain in the followings: business creation based on technology, construction of business concept, improvement of production line, marketing, access to bank, etc. This is a logical result because most SMEs have started to emerge and have not well developed generally in African countries.

FIGURE II-4: Continuous Challenges for SME Management



Source: JICA Study Team, March 2005

3.3 Insufficient Government Support for the Growth of SME Sector

What was found from the interview survey is this: In each African country, there is a significant gap between SMEs' practical needs for assistance and what SME promotion policies/ SME supporting organizations are in operation.

Particularly in the countries where the government has historically not paid attention to the SME sectors, SMEs have the tendency to not expect the government much. However, many have to become an entrepreneur just to survive, and a number of microenterprises are born and disappear everyday in African countries. Entrepreneurs and SME managers have potentially great expectations to the government in terms of business support, firstly because BDS market is not well developed, and secondly because most SME managers cannot afford to attend training courses due to the limit of budget and time.

3.4 Policy Recommendations from the Micro-level Viewpoint of SME Management

Based on the above-mentioned analysis on business environment and challenges of SME management, the following table summarizes the evaluation on items related to business environment for SME sector by country. Considering the laboriousness of the business environment in each country, Tanzania, Uganda and Cameroon should be given priority. At the same time, difficulty in financial access has been the most serious obstacle for SMEs of every country.

TABLE II-11: Summary of Evaluation on Business Environment Surrounding SMEs

	South Africa	Tanzania	Uganda	Ghana	Nigeria	Cameroon
SME Policies	B	B	D	B	B	C
BDS (private)	A	C	B	B	B	B
BDS (public)	B	C	D	C	C	B
Financial Access	C	C	C	D	C	B
Business Infrastructure	A	C	C	B	D	B
Legal protection against flooded forged products in the domestic market	A	B	B	C	C	D

Note: The laboriousness for each item is rated between A and D though the interview survey. The rate means how interviewed SME managers satisfy with. A (satisfy), B (fairly), C (not satisfy), D (bad)

Source: JICA Study Team, Feb 2005

From what has been discussed in the above table, there are some recommended JICA projects that should be extracted from the policy recommendations for each focused country as the following table shows.

TABLE II-12: Policy Recommendations at Micro Level

Country	Policy Recommendations	Recommended JICA Projects on the Priority
South Africa	- To assist SEDA in enhancing its function of SME support/ SME finance. - To provide human resource development programmes for those engaged in SME related policies in ministries, the government or non-government institutions.	- Dispatch experts for assisting SEDA in enhancing its function of SME support/ SME finance.

Tanzania	-Project for Improvement of SIDO. -Pilot Project for Creating Supply Chain Linkages.	- Dispatch experts for improving SIDO. - Development Studies on Pilot Project for Creating Supply Chain Linkages.
Uganda	- The establishment of a governmental organization in charge of BDS providing and coordinating BDS for SMEs. -Pilot Project for Creating Supply Chain Linkages.	- Dispatch experts for establishing a governmental organization in charge of BDS providing and coordinating BDS for SMEs. - Development Studies on Pilot Project for Creating Supply Chain Linkages.
Ghana	- To contribute to better access to finance in order to meet demands for working capital and fixed asset needs of SMEs. - To assist relevant government agency such as NBSSI in the area of SME policy, SME financing, production management or factory operations.	- Development Studies on SME finance.
Nigeria	- Advisory support for stabilizing supply of electricity. - Providing training programmes for the management consultants of business associations in the field of strengthening the capacity of SMEs to get bank loans.	- Dispatch experts for conducting advisory support for stabilizing supply of electricity.
Cameroon	- To assist in strengthening capacity of law enforcement on protection of intellectual property right and provide necessary training for the staffs of relevant organizations. - To transfer maintenance technology to the plant and facility oriented industries - To make export marketing assistances for the SMEs which have the intention to export their products for growth.	- Dispatch experts for strengthening capacity of law enforcement on protection of intellectual property right and providing necessary training for the staffs of relevant organizations.

Source: JICA Study Team, March 2005

III. Trade and Investment

1 Methodology

African countries have started to take their own initiatives to shift their focus from economic development via aid to trade and investment aimed at integration with the global economy. This is evident when one looks at the NEPAD, which prioritise trade and investment, and various regional agreements in Africa such as the Southern African Development Community (SADC), Common market for Eastern and Southern Africa (COMESA), East African Community (EAC), the Economic Community of West African States (ECOWAS) and the establishment of African Union (AU) in July 2002.

In response to these movements of African countries, developed countries have expanded debt reduction which was adopted in the G8's Africa Action Plan at the Kananaskis Summit meeting and reviewed at the Evian summit. In terms of bilateral discussions, the USA and the EU are actively pursuing FTA negotiations, backed by the African Growth and Opportunity Act (AGOA) and the Cotonou Agreement, respectively. Asian countries such as China, Korea and Malaysia are also developing economic policies and systems focusing on African countries. Despite these efforts, however, there has been little advance. With the exception of South Africa, most African countries with a sizable export volume are in fact heavily reliant on mineral resources. Countries which lack mineral resources to export rely on primary agro-forestry products and thus cannot add-value in their products.

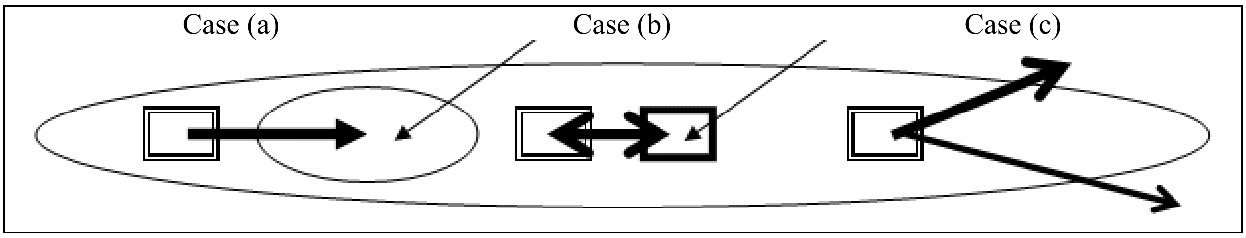
Therefore, the correlations between SMEs and trade and investment are considered as follows:

a) Import substitution: to encourage the substitution of products presently relying mainly on import by domestically produced ones and to consequently increase shares of domestically produced goods. This will also help improve current account deficits, which is especially problematic in most African countries.

b) To transfer technologies related to production and quality, by increasing inward direct investment; to expect especially for SMEs to increase their know-how of management, quality control and marketing through interaction of foreign parts suppliers or through increased engagements in the domestic markets; and to enable to be accustomed with international business customs.

c) To design ways to maximize profits by adding value to primary export commodities; and to diversify its trade partners.

These concepts are shown in the following charts. In the case (a), SMEs compete their products with exporting products and increase the substituting shares in the domestic market. The case (b) shows that the SMEs provide their products and/or services to the foreign-affiliated entities. The final case (c) is that SMEs are involved in export business themselves and diversify to the international market.



2 Survey Results by Country

2.1 South Africa

2.1.1 Trade

1) Policies, Institutions and Strategies

South Africa is defined as a middle-income country and as an emerging market with enough stock of natural resources, matured financial and legislative system, information and communication network, energy and transportation industries (The stock exchange is ranked as the tenth largest one in the world.) The modern infrastructure promotes an efficient distribution of goods and services to major urban cities throughout the region. On the contrary, the country faces high unemployment rate for the long time and this situation has not changed from the era of apartheid era. This caused poverty and can not accomplish the sustainable economic development especially for the disadvantaged people. In addition, high crime rate and HIV/AIDS infection can be said as negative aspects of economic growth. Furthermore, the country's economic and financial policies can be characterized as conservative and pragmatic to pursue targeting inflation and liberalizing trade as means to increase job growth and household income. This is because such bilateral characteristics as creation of employment and increase of household income and exposes distortion of large fluctuation of "Rand".

In these situations, there are three aspects in terms of trade development. First, Trade and Investment South Africa (TISA) were established on April, 1996 to promotion of trade and investment, especially through information provision for attraction of investment. Secondly, tariff exemption was introduced based on the amount of automotives and its related exports through the Automotive Industry Development Programs (extension to 2012). Thirdly, Industrial Development Corporation (IDC) and other institutions provide financial incentives for trade and investment promotion.

2) Outline of Trade Industry

The trade industry faces some serious aspects to promote exports. At first, fluctuation of Rand leads to uncertainty to establish mid- and long-term business strategy. Rigidity of labor system and relatively high wages are also negative aspects for trade and investment promotion. In addition, local procurement is difficult to promote although there are many foreign-affiliated manufacturing entities. As a result, procurement of raw and processed materials is heavily dependent upon imports. Thirdly, even the country's SMEs have some difficulties to respond foreign customers' "lots" to be required. Finally, major industries are highly concentrated on some specific ones and industrial diversification should be promoted.

3) Trends of Export and Import

The trade structure can be obtained from the following:

Table III-1 Trade Structure (South Africa)

		1960s	1970s	1980s	1990s	1998	1999	2000	2001	2002
Exports of goods and services (% of GDP)		26.6	28.7	27.2	24.0	25.7	25.7	28.6	30.6	34.0
Exports of goods and services (annual % growth)		4.5	0.9	1.6	4.9	2.5	1.4	8.4	2.5	-1.4
% of merchandise exports:	Food	-	19.8	7.8	9.2	12.1	10.2	8.5	8.4	10.6
	Agricultural raw materials	-	6.4	3.4	3.5	3.8	3.2	3.4	2.4	3.1
	Ores and metals	-	14.7	7.9	10.3	9.6	21.3	10.8	9.3	11.3
	Fuel	-	3.5	6.5	8.1	7.7	9.7	10.1	8.2	12.3
	Manufactures	-	31.6	18.5	48.2	53.7	55.0	54.3	59.4	62.6
Imports of goods and services (% of GDP)		23.7	25.9	22.7	21.5	24.6	23.1	25.8	27.1	30.5
Imports of goods and services (annual % growth)		7.8	1.9	0.3	6.4	1.5	-7.4	7.1	0.3	3.1
% of merchandise imports:	Food	-	4.9	5.5	6.1	5.2	5.4	4.7	4.6	5.0
	Agricultural raw materials	-	3.5	2.3	1.9	1.5	1.5	1.5	1.4	1.5

Ores and metals	-	2.6	1.9	1.5	1.5	1.7	1.5	1.1	1.7
Fuel	-	0.4	0.4	7.1	8.4	10.2	14.4	15.5	12.5
Manufactures	-	83.5	69.4	74.1	70.0	73.0	69.7	68.4	70.4

Merchandise exports and imports are defined by the World Development Indicators of the World Bank[54]. This definition is introduced in the following tables as same title.
(Source) The World Bank. 2004. World Development Indicators: 2004.

Table III-2 Major Export Products (2002) (SITC Rev. 3) (Million US $) (South Africa)

321 – Coal Non-agglomerated	1,839.0
781 – Passenger Cars Etc.	1,614.7
667 – Pearls/ Precious Stones	1,550.9
671 – Pig Iron Etc. Ferro Alloy	1,109.8
743 – Fans/ Filters/ Gas Pumps	980.5
684 – Aluminum	887.8
334 – Heavy Petrol/ Bitum Oils	873.2
057 – Fruits/ Nuts, Fresh/ Dried	581.9
287 – Base Metal Ore/ Conc Nes	573.9
522 – Elements/ Oxides/ Hal Salt	452.3

(Source) United Nations. 2002. COMTRADE Database

The major exports partners are as follows: UK 12.6%, US 12.4%, Japan 9.2%, Germany 8.1%, China 4.7%, Italy 4.4% (2003). On the other hand, the major imports commodities are machinery and equipment, chemicals, petroleum products, scientific instruments, foodstuffs (2000 est.) from Germany 16.6%, UK 8.5%, US 8.2%, Japan 5.9%, China 5.9%, Saudi Arabia 5.2%, France 5% (2003).

2.1.2 Foreign Direct Investment

South Africa's government defined acceptance of foreign direct investment as one of the most important policy in the economic policy. TISA plays the central role in attracting foreign direct investment. In concrete terms, comprehensive and wide-range of incentives are given and 100% of foreign-affiliated are permitted except some exemption by the TISA. The country is a member of the World Trade Organization and consistent with the Trade Related Investment Measures (TRIMS). Especially, the automotive industry development program is set (prolong to 2012) and accept tariff exemption based on accordance of the amount of exports. In addition, there are some financial incentives provided by the Industrial development Corporation (IDC). According to the World Bank, percentage of GDP to gross foreign direct investment was between 1% and 2% after 1990s. In 2001, the rate was 11.1%.

Table III-3 Investment Structure (South Africa)

		1960s	1970s	1980s	1990s	1998	1999	2000	2001	2002
Gross foreign direct investment (% of GDP)		0.0	0.0	0.3	1.7	1.6	2.4	1.2	11.1	1.4
Foreign direct investment:	Net inflows (BoP, current million US$)	-	-	-	1,324.6	550.3	1,503.3	968.8	7,270.3	738.9
	Net inflows (% of gross capital formation)	-	-	-	5.6	2.5	7.2	4.9	42.2	4.5

(Source) The World Bank. 2004. World Development Indicators: 2004.

54 Food comprises the commodities in SITC sections 0 (food and live animals), 1 (beverages and tobacco), and 4 (animal and vegetable oils and fats) and SITC division 22 (oil seeds, oil nuts, and oil kernels). Agricultural raw materials comprise SITC section 2 (crude materials except fuels) excluding divisions 22, 27 (crude fertilizers and minerals excluding coal, petroleum, and precious stones), and 28 (metalliferous ores and scrap). Ores and metals comprise the commodities in SITC sections 27 (crude fertilizer, minerals nes); 28 (metalliferous ores, scrap); and 68 (non-ferrous metals). Fuels comprise SITC section 3 (mineral fuels). Manufactures comprise commodities in SITC sections 5 (chemicals), 6 (basic manufactures), 7 (machinery and transport equipment), and 8 (miscellaneous manufactured goods), excluding division 68 (non-ferrous metals).

Table III- 4 Investment Structure

	1999	2000	2001	2002	2003
FDI inflows (Million of US$)	1,502	888	6,789	757	762
FDI inward stock (Million of US$)	51,777	43,462	50,246	29,611	30,373
Inward FDI flows of gross fixed capital formation (%)	7.5	4.7	40.9	4.8	3.0

(Source) UNCTAD. 2004. World Investment Report: 2004.

The TISA provides several kinds of industrial development zones under the control of Spatial Development Initiative (SDI) for creation and attraction of export-oriented manufacturing and services. The zones are developed by the private initiatives by getting admission by the SDI. The zones provide international levels' business environments and some incentives including finance are offered by the National Development Zone Authority (NDZA).

2.1.3 Needs for Cooperation

Based on the observation, upgrade of cluster functions by development studies should be introduced by acceptance of trainees and sending senior volunteers. Improvement of industrial and productive statistics is also the necessitated by development studies, acceptance of trainees and sending experts. In addition, for the promotion of direct investment from Japan, the "Japan Desk" should be established by sending senior volunteers. Finally, promotion of one-village-one-product (OVOP) activities can be introduced by acceptance of trainees.

2.2 Tanzania

2.2.1 Trade

1) Policies, Institutions and Strategies

Tanzania is defined as one of the poorest countries in the world. The main share of the economy is created by the agricultural sector and it is said that approximately 80% of the work force are employed in the sector in spite of highly limited cultivatable land. At the same time, the industry is traditionally concentrated on the processing of agricultural products and light consumer goods. From the past, international and bilateral donors make abundant support to the country to upgrade economic and industrial infrastructure to decrease poverty and promote sustainable economic growth. However, the industrial structure has not changed for a long time. As the results, production of minerals, especially led by gold, is to be the major part of it. Recently, exploration of oil and gas is to be explored. Within these situations, present banking reforms have a possibility to lead right directions of economic growth of the country.

With these situations, the importance of trade development can be characterized in the some areas. Firstly, development of promotion policy and institution by targeting strategic sector and commodity should be pursued for trade. Receipt of attention as potential locations of investment by openness toward foreign capitals in comparison with neighboring countries and provision of framework to provide same incentives as domestic new investment helps promotion of trade mainly from enterprises of the US, Europe and South Africa. Furthermore, rapid promotion of privatization in aiming particular to breakaway from old regime has a possibility of economic and industrial development for the near future.

2) Outline of Trade Industry

As the major characteristics of trade industry, there has been no diversification for a long time. This means that trade industry is heavily dependent upon gold productions. However, increase of export in freshwater fish is the only exception. Expansion of attracting foreign direct investment in the area of mining and service sectors and increase of expectation of investment in tourism sector has the huge potentials of trade promotion. In addition, increased expectations can be found as functions of "hub-port" by promotion of port management and activities as well as privatization. Furthermore, for promotion of export from the rural areas, infrastructure development should be prioritized.

3) Trends of Export and Import

The trade structure can be obtained from the following:

Table III-5 Trade Structure (Tanzania)

		1960s	1970s	1980s	1990s	1998	1999	2000	2001	2002
Exports of goods and services (% of GDP)		-	-	12.6	15.8	13.6	13.8	14.4	15.3	16.7
Exports of goods and services (annual % growth)		-	-	-	10.9	9.8	18.6	18.4	3.7	4.6
% of merchandise exports:	Food	-	62.6	62.0	66.6	64.8	70.1	66.2	61.1	-
	Agricultural raw materials	-	19.8	20.4	15.3	11.4	13.2	13.4	13.2	-
	Ores and metals	-	1.6	2.9	0.7	0.9	0.8	0.5	8.8	-
	Fuel	-	3.6	1.5	0.6	1.6	0.3	0.1	0.2	-
	Manufactures	-	12.3	12.9	16.6	21.0	15.5	19.6	16.6	-
Imports of goods and services (% of GDP)		-	-	37.5	33.7	28.3	26.0	22.7	23.9	23.6
Imports of goods and services (annual % growth)		-	-	-	3.3	40.9	8.7	0.1	25.2	2.3
% of merchandise imports:	Food	-	9.7	6.5	15.5	19.9	16.2	14.6	15.2	-
	Agricultural raw materials	-	1.2	1.2	2.3	2.2	2.2	2.5	2.2	-
	Ores and metals	-	1.9	1.9	1.6	1.1	1.1	1.2	1.1	-
	Fuel	-	15.6	22.1	9.5	8.9	8.0	18.5	12.9	-
	Manufactures	-	71.6	68.3	71.0	67.8	72.4	63.1	68.5	-

(Source) The World Bank. 2004. World Development Indicators: 2004.

Table III-6 Major Export Products (2001) (SITC Rev. 3) (Million US $) (Tanzania)

971 – Gold Non-monetary Ex Ore	206.1
034 – Fish, Live/ Fresh/ Child/ Froz	84.5
057 – Fruit/ Nuts, Fresh/ Dried	57.4
071 – Coffee/ Coffee Substitute	55.9
667 – Pearls/ Precious Stones	46.0
289 – Precious Metal Ore/ Conc.	45.5
121 – Tobacco, Raw and Wastes	35.4
263 – Cotton	35.1
074 – Tea and Mate	28.2
054 – Vegetables, Fresh/ Child/ froz	18.3

(Source) United Nations. 2002. COMTRADE Database

The major exports partners are as follows: Japan 9.5%, India 8.6%, Netherlands 8.2%, Germany 5.3%, UK 5.3%, Kenya 4.8% (2003). On the other hand, the major imports commodities are consumer goods, machinery and transportation equipment, industrial raw materials, crude oil from South Africa 10.1%, China 9.3%, Zambia 6.4%, India 5.8%, UAE 5.4%, Kenya 5.1%, UK 4.5%, Germany 4% (2003).

2.2.2 Foreign Direct Investment

It is widely evaluated that Tanzania's government accepts foreign direct investment in a proactive manner. In 1997, the Investment Promotion Center (IPC) was reformed to Tanzania Investment Center (TIC) by the 1997 Trade Act and provides required information to the potential investors. The advocated openness stance was one of the foremost among sub-Sahara Africa and along with a series of privatization measures, the country is regarded as one of the potential investment locations for the European and the US companies. Especially, investment toward mining and service sector is now expanding. In fact, from mid-1990s, these sectors (including tourism) have been recognized as one of the most potential ones. On the other hand, development of rural areas is not yet developed and arrangement of infrastructure is to be prioritized.

Table III-7 Investment Structure (Tanzania)

		1960s	1970s	1980s	1990s	1998	1999	2000	2001	2002
Gross foreign direct investment (% of GDP)		-	-	0.0	2.2	2.1	6.0	5.1	3.5	2.6
Foreign direct investment:	Net inflows (BoP, current million US$)	3.1	4.4	4.5	166.3	172.3	516.7	463.4	327.2	240.4
	Net inflows (% of gross capital formation)	-	-	0.0	12.9	14.8	38.5	29.0	20.6	15.3

(Source) The World Bank. 2004. World Development Indicators: 2004.

Table III- 8 Investment Structure

	1999	2000	2001	2002	2003
FDI inflows (Million of US$)	542	282	467	240	248
FDI inward stock (Million of US$)	987	1,627	2,111	2,335	2,583
Inward FDI flows of gross fixed capital formation (%)	40.8	17.8	29.8	14.9	15.6

(Source) UNCTAD. 2004. World Investment Report: 2004.

In 2002, the Tanzania Investment Act was revised to include construction of Export Processing Zones (EPZ) articles. The EPZ provides several kinds of incentives under the control of the National Development Corporation (NDC).

2.2.3 Needs for Cooperation

Based on the observation, major needs for cooperation are described firstly as establishment of plan to develop industrial and manufacturing sectors by development studies and sending experts. Secondly, support of implementation should be required for promoting exports and investment by development studies and sending senior volunteers. Thirdly, support of market exploration and product development should be pursued by sending experts and senior volunteers. Finally, establishment of institutions to support management and technology should be introduced by technical assistance projects and sending experts.

2.3 Uganda

2.3.1 Trade

1) Policies, Institutions and Strategies

Having bountiful soil and fluent rainfall, agricultural sector is defined as Uganda's major sector with 80% of employment. Especially, coffee accounts for the key industry for exports. In addition, the country has such enough mineral resources as copper and cobalt. Since 1986, the government has been promoting stabilization and currency and promoting exports as the major parts of economic and industrial structural change by accepting international and bilateral donors. The challenge has promoted right signs of trade diversification. This means that freshwater fish, vanilla, tea, sesame, tobacco, distilled liquor and cutting flower are listed as major exporting commodities for last ten years.

Theses trends have been accomplished by the trials that the government set up strategic exporting products and involve the private entities in the process of establishment of policies and institutions. The efforts of export promotion organization are also one of the triggers. However, the organization has been facing serious shortage of budgets as well as human resources. In addition, the diversification is concentrated on the agricultural sector. Furthermore, the country is an inland country and this handicaps the promotion of exports. Although establishment of infrastructure has been called for urgent attention, it can not be accomplished for the long time.

Within these situations, identification of strategic industrial sector and commodity, and deployment of policy and institution in both trade and investment is to be additionally required. Additional aggressiveness of private involvement in the process of establishment of policy and institution should be required. In addition, escalation of shortage of human resources in quantity and quality perspectives should be promoted although there are well-matured strategies and plans in trade and investment institutions. Pursuing expansion and efficiency in the process of implementation is to be required. Furthermore, infrastructure development should be urgently promoted.

2) Outline of Trade Industry

The trade industry can be outlined that, although there is rapid development of diversification in both trade commodities and partners, expansion is still concentrated on agricultural and fish products in spite of large changes of trade structure. Infrastructure deployment is urgently required especially for international price competitiveness, exteriorization of negative aspects as landlocked country and/or emergence of pressure by made-in-China products in domestic market. In addition, lack of human resources in practical senses should be solved although there are distinguished higher educational institutions among region. Furthermore, unchanged in investment trends in spite of temporary increase of investment in textile industry to respond AGOA can not promote exports

3) Trends of Export and Import

The trade structure can be obtained from the following:

Table III-9 Trade Structure (Uganda)

		1960s	1970s	1980s	1990s	1998	1999	2000	2001	2002
Exports of goods and services (% of GDP)		25.2	15.2	10.3	10.2	9.7	12.3	11.3	12.0	12.0
Exports of goods and services (annual % growth)		-	-	2.0	15.1	-14.9	38.1	5.3	14.2	11.4
% of merchandise exports:	Food	-	89.9	-	81.0	86.6	78.0	67.3	68.7	73.0
	Agricultural raw materials	-	6.8	-	8.9	4.1	17.6	14.1	15.2	10.7
	Ores and metals	-	2.2	-	1.2	1.9	0.8	4.6	3.4	1.9
	Fuel	-	0.8	-	1.5	2.4	0.2	8.0	5.7	6.5
	Manufactures	-	0.4	-	7.4	5.0	3.4	6.0	6.9	7.8
Imports of goods and services (% of GDP)		22.7	16.0	17.1	22.0	20.6	24.4	23.2	24.4	27.4
Imports of goods and services (annual % growth)		-	-	3.6	7.8	3.1	11.2	-8.6	1.4	20.2
% of merchandise imports:	Food	-	7.9	-	16.1	17.4	14.0	14.1	12.2	14.0
	Agricultural raw materials	-	0.6	-	2.6	2.3	2.5	2.2	2.5	2.6
	Ores and metals	-	1.3	-	2.1	2.5	1.9	1.5	1.6	1.4
	Fuel	-	29.6	-	8.5	10.4	12.3	17.5	16.2	16.3
	Manufactures	-	60.5	-	70.7	67.4	69.2	64.7	67.4	65.7

(Source) The World Bank. 2004. World Development Indicators: 2004.

Table III-10 Major Export Products (2002) (SITC Rev. 3) (Million US $) (Uganda)

071 – Coffee/ Coffee Substitute	96.6
034 - Fish, Live/ Fresh/ Child/ Froz	85.4
971 - Gold Non-monetary Ex Ore	60.7
121 - Tobacco, Raw and Wastes	44.1
074 - Tea and Mate	31.3
292 – Crude Veg Materials Nes	18.8
351 – Electric Current	15.6
334 - Heavy Petrol/ Bitum Oils	10.7
263 - Cotton	10.5
211 – Hide/ Skin (Ex Fur) Raw	9.4

(Source) United Nations. 2002. COMTRADE Database

The major exports partners are as follows: Kenya 14.7%, Switzerland 13.7%, Netherlands 9.2%, UK 6.4%, South Africa 5.6% (2003). On the other hand, the major imports commodities are capital equipment, vehicles, petroleum, medical supplies; cereals from Kenya 26%, India 7.4%, South Africa

7.2%, Japan 6.6%, UK 6.3%, UAE 5.8%, US 5.7%, China 5.1% (2003).

2.3.2 Foreign Direct Investment

In the case of Uganda, Uganda Investment Authority (UIA) was established in 1991 based on the Investment Code and functioned as One-Stop-Service. However, enough human and financial resources are qualitatively and quantitatively required. The foreign direct investment with 100% of foreign capitals is permitted and the government also tries to promote private investment. In addition, although there are some universities, there are few people who can work just after graduation. If the country was evaluated in terms of investment environments, there are some evaluations that show that required human resources in the labor market are in short supply.

Table III-11 Investment Structure (Uganda)

		1960s	1970s	1980s	1990s	1998	1999	2000	2001	2002
Gross foreign direct investment (% of GDP)		-	0.0	0.0	1.9	3.2	2.4	2.7	2.5	2.6
Foreign direct investment:	Net inflows (BoP, current million US$)	4.2	0.1	0.1	107.5	210.0	140.2	160.7	144.7	149.9
	Net inflows (% of gross capital formation)	2.4	0.1	0.0	11.5	19.8	12.1	13.8	12.7	11.9

(Source) The World Bank. 2004. World Development Indicators: 2004.

Table III- 12 Investment Structure

	1999	2000	2001	2002	2003
FDI inflows (Million of US$)	222	275	229	249	283
FDI inward stock (Million of US$)	1,000	1,281	1,484	1,759	2,042
Inward FDI flows of gross fixed capital formation (%)	18.7	25.5	20.2	20.2	40.9

(Source) UNCTAD. 2004. World Investment Report: 2004.

At present, there is no free trade and investment zone in Uganda. However, the government is now trying to establish the zone in Entebbe Airport for promoting exporting and attracting of foreign direct investment.

2.3.3 Needs for Cooperation

Based on the observation, the needs for cooperation are strengthening of functions in trade and investment institutions by development studies and sending senior volunteers. Development of export product and improvement of quality are also required by acceptance of trainees and sending experts and senior volunteers. In addition, establishment of institutions to support management and technology are urgently promoted by technical assistance projects and sending experts. Finally, support of transportation facilitation are required by development studies and sending senior volunteers.

2.4 Ghana

2.4.1 Trade

1) Policies, Institutions and Strategies

Ghana has relatively high levels of GDP per capita in the western African countries by its affluent natural resources. However, it has accomplished financial and technological supports from international and bilateral donors. The country is traditionally famous for productions of gold, timber and cocoa. Especially, gold is the main exporting goods of this country. In addition to the mining products, agriculture is the main ones and approximately 60% of employment has come from the sector. The majority of the farmers are small landholders. The country accepted debt relief under the Heavily Indebted Poor Country (HIPC) program in 2002 and the priority of the economic policy are tightening of monetary and public finance, promoting privatization and reforming social welfare services.

With these situations, Ghana's government promotes comprehensive trade policies and institutions and decides such strategic commodities as traditional ones. However, the trading industries have been politically facing defectiveness of frameworks, improperness of taxation and/or lack of incentives. In addition, these industries have problems of vulnerability of supply base, high costs of production, difficulty of financial access and/or lack of exporting minds. These aspects can not lead to the promotion of exports.

2) Outline of Trade Industry

Diversification of export products (manufacturing, agro and crafts products) are steadily progressing. However, it is of great concern that export has not still been increasing due to various problems such as fragile supplying base, high production cost, insufficient access to market and finance, lack of export mind (seriousness to qualitative and quantitative control). In addition, due to pressure to domestic market by products made in China (especially smuggled textile products), complaints from domestic producers are increasing.

3) Trends of Export and Import

The trade structure can be obtained from the following:

Table III-13 Trade Structure (Ghana)

		1960s	1970s	1980s	1990s	1998	1999	2000	2001	2002
Exports of goods and services (% of GDP)		20.2	15.0	12.0	28.3	33.9	32.1	48.8	45.2	42.6
Exports of goods and services (annual % growth)		3.2	-5.4	3.8	9.7	9.5	12.6	0.8	0.0	-1.7
% of merchandise exports:	Food	72.6	74.0	66.4	55.4	63.1	55.4	48.4	44.9	-
	Agricultural raw materials	11.9	9.9	3.7	12.2	10.6	10.9	10.2	-	-
	Ores and metals	14.1	13.3	17.3	13.0	7.7	8.4	18.8	16.5	-
	Fuel	0.6	1.3	11.7	5.8	3.6	4.8	7.7	11.2	-
	Manufactures	0.8	1.4	0.7	13.6	15.0	20.4	14.7	16.3	-
Imports of goods and services (% of GDP)		24.6	15.0	15.9	41.7	46.7	49.6	67.2	64.8	54.9
Imports of goods and services (annual % growth)		0.0	-1.3	-0.5	9.2	1.5	11.1	-18.0	7.7	-4.4
% of merchandise imports:	Food	18.0	14.6	10.6	9.9	10.2	11.7	12.8	18.2	20.1
	Agricultural raw materials	0.9	2.2	1.6	1.9	3.0	2.7	2.4	1.9	1.8
	Ores and metals	1.7	2.1	0.8	0.7	1.3	0.9	0.8	0.8	1.8
	Fuel	5.7	15.2	27.7	17.3	18.4	17.7	21.4	22.7	8.6
	Manufactures	72.6	62.9	53.4	67.3	65.7	66.2	61.6	56.3	67.6

(Source) The World Bank. 2004. World Development Indicators: 2004.

Table III-14 Major Export Products (2001) (SITC Rev. 3) (Million US $) (Ghana)

971 - Gold Non-monetary Ex Ore	615.8
072 - Cocoa	314.1
684 - Aluminum	121.2
334 - Heavy Petrol/ Bitum Oils	104.4
248 – Wood simply worked	103.2
037 – Fish/ Shell Fish, Prep/ Pres	63.6
634 – Veneer/ Plywood/ Etc	59.4
287 – Base Metal Ore/ Conc Nes	27.5
057 – Fruit/ Nuts, Fresh/ Dried	25.4
122 – Tobacco, Manufactured	25.2

(Source) United Nations. 2002. COMTRADE Database

The major exports partners are as follows: Netherlands 11.2%, UK 10.7%, France 7.7%, Germany 6.2%, Japan 5.2%, Italy 4.6%, Turkey 4.4%, US 4.3% (2003). On the other hand, the major imports commodities are capital equipment, petroleum, foodstuffs from Nigeria 13.2%, China 9.3%, UK 7.2%, US 6.1%, Germany 4.8%, France 4.5%, South Africa 4% (2003).

2.4.2 Foreign Direct Investment

Policies and institutions of foreign direct investment in Ghana were defined by the Ghana Investment Promotion Center Act of 1994. The main part is that Ghana Investment Promotion Center (GIPC) provides some kinds of incentives to attract foreign direct investment. In addition, the act was revised in 1999 and the new one has been offering additional incentives. The country is in compliance with the World Trade Organization's Trade-Related Investment Measures (TRIM). However, the GIPC faces constraints of capacity, especially in terms of shortage of human resources as well as budgets. It is said that this is the results of declining foreign direct investment peaked in 1999.

Table III-15 Investment Structure (Ghana)

		1960s	1970s	1980s	1990s	1998	1999	2000	2001	2002
Gross foreign direct investment (% of GDP)		-	1.0	0.2	2.0	2.2	3.2	3.3	1.7	0.8
Foreign direct investment:	Net inflows (BoP, current million US$)	67.8	16.1	8.6	128.7	167.4	243.7	165.9	89.3	50.0
	Net inflows (% of gross capital formation)	21.6	5.4	3.0	9.2	9.7	15.1	13.9	6.3	4.1

(Source) The World Bank. 2004. World Development Indicators: 2004.

Table III- 16 Investment Structure

	1999	2000	2001	2002	2003
FDI inflows (Million of US$)	267	115	89	59	137
FDI inward stock (Million of US$)	1,143	1,462	1,551	1,610	1,746
Inward FDI flows of gross fixed capital formation (%)	16.1	9.6	7.1	4.3	10.7

(Source) UNCTAD. 2004. World Investment Report: 2004.

The Ghana Free Zone Board (GFZB) was established based on the Free Zone Act 504 on May 1996 under the control of Ministry of Trade and Industry. Several kinds of incentives are provided specifically for the zone. At present, there are two free zones in Tema, one in Mpintsin, Ashiem and Kotoka (airport). In addition, single factory zone is applicable to provide incentives based on the law.

2.4.3 Needs for Cooperation

Based on the observation, strengthening institutions to promote export and investment should be promoted by study of development, training, senior volunteer. Legal framework related to export and investment is also be improved by development studies, acceptance trainees and sending senior volunteers. In addition, HR training in public sector should be required by acceptance trainees and sending experts. Furthermore, HR training of personnel in private sector is to be accomplished by acceptance of trainees and sending experts.

2.5 Nigeria

2.5.1 Trade

1) Policies, Institutions and Strategies

Having suffered from political instability, corruption, inadequate infrastructure and fragile macro economy for a long time, Nigeria tries to embark on several kinds of economic and industrial reforms after shifting to civilian rule until today. The previous regime has been backward of industrial diversification and resigned excessively to the oil production. The structure is still now on. In that situation, Nigeria's government decides promoting the National Development Plan and pursuing poverty reduction for creation of employment. In addition, although trade promotion organization was established in 1995, the results can not be emerged at moment. In addition, it is said that sense of quality toward products for Nigerian people is low and without demur. This leads to the fact that people can not produce their products with competitiveness in the international market. Therefore, improving awareness toward quality of products is to be required together with industrial diversification for economic reform. For all of these situations, and because the country has more than ten million in population, there exists potential of promoting exports especially in agricultural products and mineral resources and awareness to expand to their market in the business scene.

In these situations, after establishing national development plan (NEEDS), the government adopted multi-faced policy of import substitution and export promotion in order to reduce poverty and to enhance youth employment, engaged in improvement of productivity in agriculture and in promotion of investment. In addition, as mentioned above, specialized institutions for promoting export and investment were established in 1995. This means that the systems in terms of organization were already set up. Furthermore, efforts such as "One-Stop-Window and export promotion system are forward-looking.

2) Outline of Trade Industry

Market is characterized as "Tomb of products" due to its big possibility to absorb any kind of goods. Facing in-flow of cheap but bad quality products including products made-in-China, importance of paying attention to product quality has been recognized. Number of buyers from neighboring countries is increasing. In addition, it is recognized that products such as agro-products, mineral resource, textile based on AGOA scheme have high possibility of export as well as domestic demand and increase of import. Therefore, private sector is very active in developing or inaugurating business. Furthermore, manpower in related institutions is roughly adequate, however, coordination among institutions is relatively weak.

3) Trends of Export and Import

The trade structure can be obtained from the following:

Table III-17 Trade Structure (Nigeria)

		1960s	1970s	1980s	1990s	1998	1999	2000	2001	2002
Exports of goods and services (% of GDP)		9.8	19.8	22.8	42.8	33.5	35.1	53.3	44.4	37.7
Exports of goods and services (annual % growth)		13.1	8.9	-1.6	3.7	5.4	-12.4	2.8	-1.8	-17.6
% of merchandise exports:	Food	53.0	8.4	3.2	0.7	0.4	0.3	0.1	-	-
	Agricultural raw materials	11.3	1.1	0.2	0.4	0.1	0.1	0.0	-	-
	Ores and metals	5.5	0.7	0.1	0.0	0.0	0.0	0.0	-	-
	Fuel	27.1	88.9	95.3	97.3	97.0	98.9	99.6	-	-
	Manufactures	1.6	0.3	0.1	1.4	2.5	0.6	0.2	-	-
Imports of goods and services (% of GDP)		14.9	18.7	21.3	38.5	38.1	39.2	37.5	39.9	43.6
Imports of goods and services (annual % growth)		6.3	19.1	-8.0	5.5	-3.3	14.9	9.7	11.3	8.6
% of merchandise imports:	Food	10.2	11.5	17.5	18.2	19.6	27.0	20.2	-	-
	Agricultural raw materials	0.7	0.8	1.3	1.0	0.9	1.5	0.9	-	-
	Ores and metals	2.4	2.0	2.9	2.5	2.4	2.6	2.4	-	-
	Fuel	5.7	2.0	0.8	1.2	2.2	1.8	0.5	-	-
	Manufactures	79.0	83.2	77.3	72.7	74.6	66.6	75.9	-	-

(Source) The World Bank. 2004. World Development Indicators: 2004.

Table III-18 Major Export Products (2000) (SITC Rev. 3) (Million US $) (Nigeria)

333 – Petrol/ Bitum Oils, Crude	26,956.1
223 – Oil Seeds – Not Soft Oil	17.8
793 – Ships/ Boats/ Etc.	17.6
222 – Oil Seeds Etc – Soft Oil	10.0
653 – Man-made Woven Fabrics	6.9
723 – Civil Engineering Plant	4.6
661 – Lime/ Cement/ Constr Mat'l	3.5

697 – Base Metal Household Equipm	2.6
691 – Iron/ Stl/ Alum Structure	2.3
072 – Cocoa	2.1

(Source) United Nations. 2002. COMTRADE Database

The major exports partners are as follows: US 38.3%, India 9.9%, Brazil 6.8%, Spain 6.2%, France 5.6%, Japan 4% (2003). On the other hand, the major imports commodities are machinery, chemicals, transport equipment, manufactured goods, food and live animals from US 15.6%, UK 9.6%, Germany 7.3%, China 7.2%, Italy 4.3% (2003).

2.5.2 Foreign Direct Investment

Nigeria's government promulgates the Nigerian Investment Promotion Commission (NIPC) Decree in 1995 by revising of the Enterprises Promotion Act and has been trying to promote accepting foreign direct investment by upgrading of predecessor of NIPC, called "Nigerian Industrial Development Coordination Commission". This means that foreign direct investment is defined as one of the strategic industrial policies and institutions. Based on the new decree, the NIPC provides some kinds of incentives and establish "one-stop-windows" for increase in the level of convenience in potential investors. Observing trends of foreign direct investment for five years, net inflow to gross capital formation has been from 12% to 13% for the recent years.

Table III-19 Investment Structure (Nigeria)

		1960s	1970s	1980s	1990s	1998	1999	2000	2001	2002
Gross foreign direct investment (% of GDP)		-	0.9	2.0	4.3	3.3	2.8	..	..	..
Foreign direct investment:	Net inflows (BoP, current million US$)	205.0	220.0	566.7	1,211.2	1,051.3	1,004.8	930.4	1,104.4	1,281.1
	Net inflows (% of gross capital formation)	11.0	5.8	13.2	21.1	13.6	12.4	12.5	12.9	12.6

(Source) The World Bank. 2004. World Development Indicators: 2004.

Table III-20 Investment Structure

	1999	2000	2001	2002	2003
FDI inflows (Million of US$)	1,005	930	1,104	1,281	1,200
FDI inward stock (Million of US$)	19,254	20,184	21,289	22,570	23,770
Inward FDI flows of gross fixed capital formation (%)	52.1	49.4	31.3	37.8	36.0

(Source) UNCTAD. 2004. World Investment Report: 2004.

The Nigerian Export Processing Zones Authority (NEPZ) was established by the Decree No. 63 in 1992. The NEPZ provides "one-stop" function for convenience of potential investors, permitting maximum domestic provision of their products up to 25% of production. At present, there are two exporting processing zones in Calabar and Onne.

2.5.3 Needs for Cooperation

Based on the observation, cooperation is needed as cultivation of market and enhancement of product development are required by sending expert and senior volunteer. Improvement of processing technology of agro-products is promoted by sending experts and senior volunteers. In addition, development of export product and improvement of quality are supported by acceptance of trainees, sending experts and senior volunteers. Furthermore, HR training of personnel in private sector is accomplished by sending senior volunteers.

2.6 Cameroon

2.6.1 Trade

1) Policies, Institutions and Strategies

Cameroon has an industrial structure which is highly dependent upon agricultural production compared with among sub-Sahara African countries. However, based on the previous regime, as the share of public authority is top-heavily large, it can be said that trade structure can not be easily changed. On the other hand, by using debt relief by the HIPCs Initiatives, the government is promoting reforms of central government mechanism and it leads to responding economic and industrial requirements. Within the framework, the Ministry of Small and Medium Enterprises, Social Economy and Handcraft are established on December 2004. However, trade and investment promotion organization are not still established and Chamber of Commerce and Industry substitutes to the functions. The trade structure did not change for last several years and major products, oil and cacao, are reflecting easily to the commodity prices in the international market.
Cameroon is in the favorable location in the western Africa geographically and the merits can be used by pursuing trade. In fact, there are some examples of exporting products like alpine vegetable. In order to do so, expansion of production and promotion of value-added are highly required. The human resource, especially of the public entities, should also be strengthened to promote governance.

2) Outline of Trade Industry

The trade structure is unchanged in recent years. Main exporting products such as crude oil and agricultural products are easily influenced by price fluctuation in the international market. As mentioned above, exports of alpine agricultural products to surrounding countries are emerged. Future expansion and value-addition of the products are expected. In addition, attracting foreign capitals, which is unchanged in recent years, is not promoted. Furthermore, destruction of traditional market by invasion of Made-in-China products is emerging. The small number of human resources who can take the lead to practical businesses are also the problem.

3) Trends of Export and Import

The trade structure can be obtained from the following:

Table III-21 Trade Structure (Cameroon)

		1960s	1970s	1980s	1990s	1998	1999	2000	2001	2002
Exports of goods and services (% of GDP)		22.8	23.3	25.6	23.4	26.5	23.8	30.7	31.8	27.2
Exports of goods and services (annual % growth)		1.6	9.0	8.1	2.7	11.1	12.9	-5.0	1.9	1.6
% of merchandise exports:	Food	63.4	63.9	36.3	22.2	-	-	14.9	16.8	21.3
	Agricultural raw materials	16.2	16.7	14.5	26.1	-	-	21.0	21.3	20.0
	Ores and metals	15.2	5.9	7.4	6.5	-	-	5.6	5.4	4.5
	Fuel	0.0	5.9	28.5	38.2	-	-	54.2	51.9	47.4
	Manufactures	4.9	7.6	13.2	7.1	-	-	4.3	4.7	6.8
Imports of goods and services (% of GDP)		23.8	26.5	25.1	20.8	24.8	24.1	26.8	29.2	28.0
Imports of goods and services (annual % growth)		2.3	5.8	6.3	5.2	13.2	2.9	16.1	11.7	3.4
% of merchandise imports:	Food	13.7	11.4	14.9	16.6	15.4	18.9	18.2	15.5	18.5
	Agricultural raw materials	0.8	0.4	0.4	2.1	2.1	2.1	1.6	1.1	1.2
	Ores and metals	1.8	1.1	1.4	1.4	1.4	1.4	1.1	1.1	1.5
	Fuel	5.9	8.6	1.9	13.9	12.2	15.8	23.2	18.4	12.8
	Manufactures	76.9	78.2	80.8	65.9	68.9	61.4	55.9	63.9	66.0

(Source) The World Bank. 2004. World Development Indicators: 2004.

Table III-22 Major Export Products (2002) (SITC Rev. 3) (Million US $) (Cameroon)

333 - Petrol/ Bitum Oils, Crude	824.6
072 – Cocoa	235.2

248 – Wood Simply Worked	203.6
263 – Cotton	93.9
684 – Aluminum	76.9
334 – Heavy Petrol/ Bitum Oils	61.6
071 – Coffee/ Coffee Substitute	53.4
057 – Fruit/ Nuts, Fresh/Dried	46.3
634 – Veneer/ Plywood/ Etc	40.8
247 – Wood in Rough/ Squared	26.8

(Source) United Nations. 2002. COMTRADE Database

The major exports partners are as follows: Spain 21.9%, Italy 13.4%, France 10.8%, Netherlands 10.6%, US 7.5%, China 4.4% (2003). On the other hand, the major imports commodities are machinery, electrical equipment, transport equipment, fuel, food from France 21.9%, Nigeria 9.5%, Japan 6.8%, US 5.7%, China 4.9%, Germany 4.3% (2003).

2.6.2 Foreign Direct Investment

Cameroon's government established the new chapter for attracting foreign direct investment entitled the Law No. 2002/004 on April 19, 2004 based on the previous law of 1990/001 on January 29, 1990 and the Law No. 1990/007 on November 8, 1990 including free investment zone. However, the contents are not opened to the public as of today. The text of application of this law is not yet been rendered public. In addition, there is no investment promotion organization and the Chamber of Commerce and Industry substitutes the functions. As present trends, net inflow in the amount terms as well as the share terms to the gross capital formation are increasing steadily for recent years.

Table III-23 Investment Structure (Cameroon)

		1960s	1970s	1980s	1990s	1998	1999	2000	2001	2002
Gross foreign direct investment (% of GDP)		-	1.2	1.9	0.3	..	..	..	..	..
Foreign direct investment:	Net inflows (BoP, current million US$)	16.0	31.4	71.4	22.0	50.0	40.0	31.4	67.3	86.2
	Net inflows (% of gross capital formation)	8.6	3.3	3.4	1.5	3.3	2.3	2.1	4.4	5.1

(Source) The World Bank. 2004. World Development Indicators: 2004.

Table III- 24 Investment Structure

	1999	2000	2001	2002	2003
FDI inflows (Million of US$)	40	31	75	176	215
FDI inward stock (Million of US$)	1,232	1,263	1,331	1,515	1,730
Inward FDI flows of gross fixed capital formation (%)	2.3	2.1	4.9	10.5	13.8

(Source) UNCTAD. 2004. World Investment Report: 2004.

In Cameroon, Industrial Free Zone (IFZ) was introduced by the Special Presidential Decree in 1990 and was in effective in 1992. Although it is said that new free zone's article is involved in the new chapter in 2004, there is no announcement in terms of the zone. As a result, single factory is permitted as free zones at moment.

2.6.3 Needs for Cooperation

Based on the observation, establishment of policy and institution and implementation of trade and investment promotion is supported by development studies, acceptance of trainees and sending senior volunteers. In addition, human resource development in public sector should be required by acceptance of trainees and sending experts. Furthermore, human resource development in private sector is also be promoted by technical assistance projects and sending senior volunteers.

VI. Conclusion

The following are conclusions which mainly refer to actions to be taken as multilateral or bilateral assistance. These are derived from fact findings and analysis explained at chapter I to III and are mentioned by country.

1. South Africa

One of the crucial problems in South Africa is that there are many SMEs promotion policies but they are not always well-known to entrepreneurs. It implies that quality of the policies provided by the government is not high enough to appeal benefits to entrepreneurs. Therefore it is necessary to supplement policies with improvement of services level by enhancing capacity of public or private organizations which give technology support to SMEs. It could alternatively be achieved by foreign donors.

Concerning SEDA, its capacity building and training of relevant government or NPO officers who are in charge of SME promotion are also considered effective. This is because SEDA is expected to enhance their functions as comprehensive SME promotion agency in spite of their newly set-up organization.

As implementation of SME promotion policies is substantially conducted by private BDS provider and / or NGOs or NPOs, it is also necessary to conduct a study aimed at clarification of status quo of activities of SME promotion performed by private organization in order to effectively assist them. Strengthening of the SME financial system, which is still not able to provide enough funds for SMEs, by capacity building of public and private financial institutions should also be considered.

In the meantime, enhancement of SMEs finance is strongly requested by SMEs. They need early creation of finance scheme suited for their needs, by financial institutions regardless of whether it is public or private. In addition, improvement of capability to formulate policies in deliberate consideration of situation and surroundings of enterprises could need assistance from a donor, because some entrepreneurs find difficulty to clear legal requirement of BEE or labor law.

2. Tanzania

The government mostly prefers financial assistance, specifically finance to implement the SME Development Policy (2003/4) and additionally finance to enhance functions of Tanzania Private Sector Foundation (TPSF). It could be discussed to support improvement of coordination among private associations, by means of opening regular seminars.

One of the main targets of the development policy is transformation of industry and trade structure with industry diversification and promoting international trade. Thus, assistance related to promotion of trade and investment, development of market and products will be appreciated.

In the meantime, although they appreciate activities done by the government and international institutions, entrepreneurs point out 2 main concerns. First, international institutions have overlooked the necessity and efficiency of innovation of Small Industry Development Organization (SIDO). Second, existing implementing organizations including SIDO and Vocational Education and Training Agency (VETA) are not capable enough to support enterprises which are especially expected further development among newly emerging small and medium companies.

As already mentioned in chapter II, two recommendations will derive from above concerns;

(1) Support for project to strengthen SIDO aiming at expansion of their functions and improving their services with efficiency.
(2) Support for pilot project aimed at setting up supply-chain linkages
Setting up supply-chain linkages is expected to extend economic spillover effect to supporting industries including micro and small industries, further, give trickle-down effect to all relevant industries to which

targeted companies belong to. According to the interview survey, industries such as agro-processing, furniture, textile, tourism and construction are candidates of growth potentiality and supply-chain linkages.

3. Uganda

In Uganda, clear SME promotion policy does not exist yet, and support to draft a master plan and road map related to establishing the policy will be requested. Considering the situation that many BDS provider operate without any effective coordination between them, assistance to create public SME supporting organizations which cover the whole country and organizations in charge of coordination of BDS should be discussed. Other support such as strengthening the function of UNMS, in terms of finance, facilities and technology is also worthy of discussion.

When paying more attention to international trade as a means of national development, continuous improvement of infrastructure and diversification of export products is vital. Assistance for improvement of infrastructure, including reduction of disparity between urban areas and local ones, and for product development with improvement of quality should also be considered.

In the meantime, despite various assistances for entrepreneurs provided by many public and private implementing organizations, micro and small industries entrepreneurs are still facing problems. Among the problems, firstly, they are not always able to appropriately respond to potential needs of SMEs which are newly emerging. Secondly, support from public organizations is often overlapping. Third one is that due to financial constraint, many SMEs are not able or clearly reluctant to bear heavy charges against services of BDS. Lastly, specific BDS which are able to respond to the needs of midsized or small industries do not exist, except UEPB (Uganda Export Promotion Unit) or UNBS (Uganda national Bureau of Standard)

From above problems, the following recommendation, though already referred in chapter II can be considered as well as the recommendations on BDS.

(1) Support for pilot project aimed at setting up supply-chain linkages
Setting up supply-chain linkages is expected to extend economic spillover effect to supporting industries including micro and small industries, further, give trickle-down effect to all relevant industry to which targeted companies belong. According to the interview survey, industries such as seeds, coffee, furniture, textile and hotel are candidates of growth potentiality and supply-chain linkages.

4. Ghana

As supports for Ghana, financial, technological and IT assistances for government implementing agencies and private organizations are easily listed up. However, it is quite important to deliberately select targets and to draw up strategies, and to carefully and proactively coordinate with other donors, because many and various support programmes and/or funding by many bilateral or multilateral donors are on going.
Creation of a specialized SME finance institution is under consideration in a relevant ministry, assistances for feasibility study on creation of specialized SME finance institution, for capacity building of financial institution are timely and effective in order to strengthen SME finance system.

From the point of trade and investment, support to strengthen institutions in charge of export or investment promotion and to improve relevant policies and system will be highly appreciated.

In the meantime, from the view point of entrepreneur management, support for improving access to finance is firstly requested. This is because many SMEs are facing difficulties to secure working or investment capital. Following methodology of assistance can be considered.

- Comprehensive study on SME finance, such as present situation of finance, identification of key players, main policies, relevant organizations and obstacles against promoting SME finance.
- Establishment of strategies of policy finance, including innovated finance scheme and FS of creation of a special SME finance institution.
- Preparation of HR development programme for persons in charge of SME finance

Secondly, sending experts of SME policy, SME finance, production management and factory operation to governmental agencies such as NBSSI is worthy to consider. In addition, training of staff in charge of SME policies implementation in relevant government organizations and Non government will be also effective.

5. Nigeria

Considering present situation of the country, it is urgent required to provide assistance such as assistance for improvement of software infrastructure, including legal framework, as well as hardware infrastructure, and to grade up administrative capacities in order to solve problems derive from fragile governance. Nigeria is requested the transparency and efficiency of policy making process, and establishment of appropriate SME policy and implementation. Therefore level-up training to strengthen governance and to encourage coordination among relevant authorities is needed.

In addition, in order to improve capability of collecting information and to draw more effective SME policies, it is worthy to assist and give advice on developing database about companies, regular implementation of companies census and household census.
Training related to development and enhancement of function of R&D center, their HR development, provision of know-how extracted from best practice and preparing vocational training curriculum should also be useful for the country.

Concerning development of SME finance, assistance to review present system, including review of investment period, exit policy and credit guarantee system, to grad up BDS function in order to strengthen financial intermediary function, to improve information sharing system and to develop financial market such as improvement of inter-bank transaction and micro finance could be discussed. Also, in order to activate informal sector, transferring know-how of movement for the improvement of living conditions and of encouraging saving is advisable.

From the view point of trade and investment, support to encourage product development, including agro-products which are internationally marketable, to improve products quality and to cultivate market will be appreciated.

In the meantime, for entrepreneurs, assistances which are urgently needed are sending advisers to stabilize power supply, and training consultants in business associations in order to facilitate SMEs funding from banks.

6. Cameroon

Regarding assistance based on the fact findings, assistance for improvement of governance, enhancement of legal effectiveness related to intellectual property and capacity building of person in charge in relevant organizations are crucial.

Improvement of maintenance know-how of factory, and machinery and equipment is also necessary as the government is planning to develop the country with international trade. Donors are also expected to support in these fields.

Concerning trade and investment, support to develop international market for SMEs which are strategically initiating international trade will be effective. In selecting targeted industry for such developing international market, agro-processing industry might be prioritized as it is a promising industry in the country.

Cameroon is expecting transfer of know-how of financial scheme to support SMEs and provision of funds. Establishment of credit line for local banks such as SNI and Afribank, support for improvement of cooperative finance, micro-credit and related facilities, including leasing to SMEs, long term lending, transfer of know-how to create working capital finance scheme for small industries, and to smoothly facilitate long term lending scheme, including setting up specialized SME finance institutions and credit guarantee scheme, are also considered.

In the meantime, from the view point of entrepreneurs, training advice for persons in charge of preparing SME supporting scheme is urgently requested. Followings are some examples.

- Appropriate advice and capacity building of the government.
  Encouraging them to clearly recognize and firmly understand government roles and private initiative, and training persons to draw suitable policies through HR development and preparation of realistic education curriculum.
- Advice to establish information center of market and technology information, including advice to improve quality of agro-processing products and woodworks.
- Advice to create best practice in industries such as textile, woodworks, charcoal, food processing in order to promote trade and assistance for development of industrial standard and systems to improve products quality, including development of testing machines.
- Advice and transfer of know-how to create best practice concerning coordination among public and private organizations, including know how of South-South Cooperation in Thailand and Malaysia, support by UNDP to Enterprise Cameroun and establishment of information center.

ANNEX

ANNEX Preface-1: List of Interviewees in the Field Survey

South Africa/ SME Policies

Country Name	City	Date	Time	Organization	Name	Title	E-mail or Tel No.
South Africa	Pretoria	01/31	9:00	JICA South Africa Office	Mr. Koji Jitsukawa	Assistant Resident Representative	jitsukawa@mweb.co.za
	Johannesburg		14:00	JETRO Johannesburg Center	Mr.Katsumi Hirano	Executive Director	Katsumi_Hirano@jetro.go.jp
				ditto	Mr. Shigeki Okada	Deputy Executive Director	Shigeki_Okada@jetro.go.jp
				ditto	Mr.Akikazu Hamada	Director, Research	Akikazu_Hamada@jetro.go.jp
	Johannesburg	02/01	12:30	CHAMSA (Chamber of Commerce and Industry	Mr. Mkhaliphi Langa		
				ditto	Mr Johann de Bruyn	Director, International Affairs	johanndb@chamsa.org.za
	Johannesburg		15:45	Vapi Consulting	Ms.Lindiwe Mussane	Director	vapiconsulting@54.co.za
	Pretoria	02/02	12:50	Mr. Lefa Mallane of Technonet Africa	Mr. Lefa Mallane	Member of TECHNONET Africa, EX-	
	Pretoria		14:00	SEDA (Small Enterprise Development Agency)	Mr. Keabecoe (Keaybee) Motlhoioa		kmotlhoioa@seda.org.za
				ditto	Ms. Caren Coetzee		
				ditto	Ms.Jackie Samson		
				UNDP	(Mr.Houtan Bassiri)		
	Johannesburg		15:30	Vapi Consulting	Mr.Pakiso Molema		
	Johannesburg	02/03	8:50	BUSA (Business Unity South Africa)	Mr.Bonga Ndabezitha	Chief Officer - Transformation	bonga.ndabezitha@busa.org.za
				ditto	Mr. Vic van Vuuren	Chief Operating Officer	vic.vanvuuren@busa.org.za
	Johannesburg		10:40	DBSA (Development Bank of South Africa)	Mr.Johan Mills	Corporate Finance	johanm@dbsa.org
				ditto	Ms. Marie Kirsten	Policy Unit	mariek@dbsa.org
				ditto	Ms.Kazumi Larhed	NEPAD Advisor	kazumil@dbsa.org
	Johannesburg		13:30	UNDP Regional Office	Mr.Houtan Bassiri	Junior Professional Officer	houtan.bassiri@undp.org
	Johannesburg		16:45	ECI Africa	Mr.Tim Anderson	Director	tim.anderson@eciafrica.com
				ditto	Mr.Vusi Zwane		
	Pretoria	02/04	14:15	SEDA	Mr. Keabecoe (Keaybee) Motlhoioa		
	Pretoria		15:00	South African Bureau of Standard (SABS)	Mr. Mabelebele Eddie	Project Leader	mabelee@sabs.co.za
	Johannesburg	02/07	9:00	NAACAM (National Association of Automotive	Mr. Clive Williams	Executive Director	clive@naacam.co.za
	Pretoria		13:15	SEDA	Mr. Thami Bolani		012-4285077
	Johannesburg	02/08	10:00	CHAMSA	Ms. Itumeleng (Tumi) Sengoara	Director	tumis@chamsa.org.za
	Johannesburg		15:30	Business Partners	Ms. Linda Matura	Business Analyst	lmatura@businesspartners.co.z
	Johannesburg	02/09	11:30	National Empowerment Fund (NEF)	Mr. Para Naidoo	Acting CIO	naidoop@nefcorp.co.za
					Mr. Campbell Barnes	Programme Manager	barnesc@nefcorp.co.za
	Johannesburg	02/10	09:00	Small Business Project (SBP)	Prof. Douglas Irvine	Director	douglas@sbp.org.za
	Pretoria		13:00	Department of Trade and Industry (DTI)	Mr. Mojalefa Mohoto	Director	mmohoto@dti.pwv.gov.za
					Mr. Sunday P. Mahlangu	Assistant Director	mahlangu@thedti.gov.za
	Johannesburg		15:40	enablis (NGO)	Mr. Martin Feinstein	Chief Executive Officer	martin.feinstein@enablis.org
	Pretoria	02/11	14:00	KHULA Enterprise Finance Ltd.	Mr. Sandile Luthuli	General Manager	sandilel@khula.org.za
	Pretoria		15:10	SEDA	Mr. Keabecoe (Keaybee) Motlhoioa		

South Africa/ SME Management

Country Name	City	Date	Time	Organization	Name	Title	E-mail or Tel No.
South Africa	Pretoria	01/31	9:00	JICA South Africa Office	Mr. Koji Jitsukawa	Assistant Resident Representative	jitsukawa@mweb.co.za
	Johannesburg		14:00	JETRO Johannesburg Center	Mr.Katsumi Hirano	Executive Director	Katsumi-Hirano@jetro.go.jp
				ditto	Mr. Shigeki Okada	Deputy Executive Director	Shigeki-Okada@jetro.go.jp
				ditto	Mr.Akikazu Hamada	Director	Akikazu-Hamada@jetro.go.jp
	Johannesburg	02/01	12:30	CHAMSA (Chamber of Commerce and Industry South Africa)	Mr. Mkhaliphi Langa		Mkhaliphil@chamsa.org.za
				ditto	Mr Johann de Bruyn	Director	johanndb@chamsa.org.za
	Johannesburg		15:45	Vapi Consulting	Ms.Lindiwe Mussane	Director	vapiconsulting@54.co.za
	Pretoria	02/02	12:50	Mr. Lefa Mallane of Technonet Africa	Mr. Lefa Mallane	Former Chief Executive	
	Pretoria		14:00	SEDA (Small Enterprise Development Agency)	Mr. Keabecoe Motlhoioa	Chief Operating Officer	kmotlhoia@seda.org.za
				ditto	Ms. Caren Coetzee		
				ditto	Ms.Jackie Samson		
				UNDP	(Mr.Houtan Bassiri)	Junior Professional Officer	houtan.bassiri@undp.org
	Johannesburg		15:30	Vapi Consulting	Mr.Pakiso Molema	Consultant	
	Johannesburg	02/03	8:50	BUSA (Business Unity South Africa)	Mr.Bonga Ndabezitha		bonga.ndabezitha@busa.org.za
				ditto	Mr. Vic van Vuuren	Chief Operations Officer	vic.vanvuuren@busa.org.za
	Johannesburg		10:40	DBSA (Development Bank of South Africa)	Mr.Johan Mills		johanm@dbsa.org
				ditto	Ms. Marie Kirsten		
				ditto	Ms.Kazumi Larhed	NEPAD Advisor	kazumil@dbsa.org
	Johannesburg		13:30	UNDP Regional Office	Mr.Houtan Bassiri	Junior Professional Officer	houtan.bassiri@undp.org
	Johannesburg		16:45	ECI Africa	Mr.Tim Anderson	Director	tim.anderson@eciafrica.com
				ditto	Mr.Vusi Zwane	Business Development Consultant	vusi.zwane@eciafrica.com
	Klerksdorp	02/04	13:00	Atlas Plastics PTY Ltd	Mr.Gary Lategan	Managing Director	gary@atlasplastics.co.za
				ditto	Mr.Rene Lategan	Financial Director	lhl@lli.co.za
	Klerksdorp		14:30	X!act Design CC	Ms. Victoria Koorzen	Managing Director	x-act@telkomsa.net
	Johannesburg	02/05	12:30	Tshidi Vera Fashions	Ms. Tshidi Vera	Managing Director	tvfashions@lantic.net
	Johannesburg	02/07	9:00	NAACAM (National Association of Automotive Component and Allied Manufacturers)	Mr. Clive Williams	Executive Director	clive@naacam.co.za
	Johannesburg		11:25	Segamont and Momat	Ms. Nomsa Ntshingila	Director	faithn@worldonline.co.za
	Johannesburg		12:30	Khoi Linen and Textile CC	Mr & Mrs. Modika	Managing Director	magnifi@iafrica.com
	Johannesburg		14:00	RSA Knitting (Sharoc)	Mr.Rudy Miranda	Managing Director	082-460-2156
	Johannesburg	02/08	9:00	Mjita Trading Company CC	Mr. Brett Sher	Managing Director	brett@mjita.com
				Z.A. Zen Marketing & Consulting	Ms. Tamiko Sher	Managing Director	tamiko@zazensa.com
	Johannesburg		12:30	CHAMSA	Ms.Tumi Sengoara	Director	tumis@chamsa.org.za
	Johannesburg		13:30	FABCOS (The Foundation for African Business and Consumer Services)(at the office of Premier Foods)	Mr.John O'Brien	Channel Director	John.obrien@premierfoods.com
				ditto	Mr. Andy Swartz	Advisor	
	Tembisa		14:30	Fab Channel Tembisa	Mr.Albert Moshidi	Owner	
				Fab Channel Soweto	Mrs. Maggie Fenji Kohorombi	Owner	
				Fab Channel Katlehong	Mr.Simon Moswetsa	Owner	
	Pretoria	02/09	10:00	Jan's Electronics	Mr. Jan Stoe	Managing Director	012-320-4457または083-347-0113
	Pretoria		11:45	Rossdav Busines Enterprise	Mr. David		072-656-4161または072-997-4864
	Pretoria		15:00	Small Enterprise Development Agency(SEDA)	Mr. John Francis		012-428-5058/082-333-8844
	Johannesburg	02/10	9:00	ECI Africqa	Mr. Vusi Zwane	Business Development Consultant	vusi.zwane@eciafrica.com
	Soweto		9:30	Lolo's Guest House	Mrs. Mama Lolo Mabitsela		lolosbb@mweb.co.za
	Soweto		10:45	TAJ' BaB, Restaurant & Tavern	Mr. Josephing Hlatshwayo		lolosbb@mweb.co.za
	Soweto		12:00	Mookho's	Mrs. Jane Lebelo		lolosbb@mweb.co.za
	Durban	02/11	8:30	Mr. Biscuit	Mr. N.P. Singh		032-944-7789
			9:00	Fabric & Lines	Mr. D. Reddy		032-944-8011
			9:45	COMP MOUSE	Mr. Collin Naicker	Senior Operation Officer	compumouse@webmail.co.za
			10:30	Lenco Panel & Paint	Mr. Preggy Moodley	General Manager	032-944-2570/945-1555
			11:15	Desire' Lingerie Co	Mr. Rashik Teram		032-291-5917
			12:00	Kens Auto Repairs	Mr. Indran		032-945-4364
			13:00	Bongani	Mr. L.G. Salami		
			14:30	Kwa-Zulu Natal Development Foundation	Mr.Paddy Padayachee	General Manager	kzndf@corpdial.co.za
			16:30	Dept. of Economic Development/KwaZulu-Nata	Mr. Chris Mtshali	Manager, Business Development	mtshalitc@ecotour1.kzntl.gov.za

Tanzania/ SME Policies

Country Name	City	Date	Time	Organization	Name	Title	E-mail or Tel No.
Tanzania	Dar es Salaam	02/10	8:00	UNDP Tanzania, Development Management Unit	Mr. Ernest S. Salla	Assistant Resident Representative	ernest.salla@undp.org
				ditto	Ms. Yuko Suzuki	Programme Analyst	yuko.suzuki@undp.org
				ditto	Ms. Evelyne B. Bwatwa	Programme Associate	evelyne.bwatwa@undp.org
				JICA Tanzania Office	Ms. Yasuyo Kawamura	Assistant Resident Representative	kawamura.yasuyo@jica.go.jp
			9:00	Board of External Trade	Mr. Kusiriel S. Mwasha	Ag. Director General	ks@yahoo.com / betis@intafrica.com
			11:00	JICA Tanzania Office	Mr. Toshiro Obata	Resident Representative	Obata.Toshihiro@jica.go.jp
				ditto	Ms. Yasuyo Kawamura	Assistant Resident Representative	kawamura.yasuyo@jica.go.jp
			13:00	Small Industries Development Organization (SIDO)	Mr. Mike Laiser	Director General	dg@sido.go.tz
				ditto	Mr. Puis Wenga	Director of Training & Extension Services	pwenga@sido.go.tz
		02/11	9:00	Seminar at SIDO			
		02/14	8:00	Ministry of Industry and Trade (MIT)	Mr. Desystant Massawe	Assistant Director / Head of SME Section	massawed@yahoo.co.uk
				ditto	Ms. Jane A. Lyatuu	Senior Trade Officer, Small Enterprise Section	anaselijane@yahoo.com
			9:00	National Development Corporation (NDC)	Mr. Colonel J. L. Simbakalia	Managing Director	simba@cats-net.com
				ditto	Mr. M. P. Kessy	Executive Ass. to the Managing Director	255-744-361727
				ditto	Dr. Bernard Achiula	Executive Ass. to the Managing Director	255-745-232525
				ditto	Mr. Alley C. Mwakibolwa	Director for Technical Services	mwakibolwa@consultant.com
				ditto	Mr. Joseph E. Mwingune	Audit Manager	255-744-280759
				ditto	Dr. P. M. Maheshwary	Principal Technical Adviser	255-22-2115492
				ditto	Mr. Ernest E. Mnzava	Operations Analyst	255-744-279003
			11:00	Tanzania Chamber of Commerce, Industry & Agriculture (TCCIA)	Mr. Mariot M. Kalanje	Management Consultant (Executive Director until Jan 2005)	255-22-2119436
				ditto	Mr. Kalua M. Simba	Chamber Development Officer	kaluasimba@yahoo.com
			15:00	Tanzania Private Sector Foundation (TPSF)	Mr. L. P. Accaro	Executive Director	255-22-2139681
				ditto	Mr. Samson Chemponda	Economist	255-744-598016
		02/15	9:00	National Microfinance Bank (NMB)	Mr. John R. Giles	Chief Executive Officer	jgiles@nmbtz.com
				ditto	Mr. John Lwande	Chief Manager Microfinance	John_Lwande@dai.com
			11:00	Business Registrations And Licensing Agency (BRELA)	Mr. Estariano E. Mahingila	Chief Executive Officer	usajili@cats-net.com
			13:00	Vocational Education and Training Authority (VETA)	Mr. Sylvester J. Nyambo	Acting Director General	vetahq@raha.com
				ditto	Mr. Francis A. Mgina	Labour Market Analyst (LMA)	manambatz@yahoo.com
		02/16	10:30	KPMG Tanzania	Mr. Jacob Chuwa	Financial Analyst, Financial Advisory Services	jchuwa@kpmg.co.tz
			13:00	Confederation of Tanzania Industries (CTI)	Mr. Hussein S. Kamote	Director of Policy & Research	kamote@cti.co.tz
				ditto	Mr. Geoffrey N. Mackanja	Economist	mackanja@yahoo.com
		02/17	15:00	Tanzania Exporters Association (TANEXA)	Mr. S. K. Mutabuzi	Chairman	255-741-623598
		02/18	8:30	Tanzania Investment Centre (TIC)	Mr. Emmanuel D. Ole Naiko	Director, Investment Promotion	naiko@tic.co.tz
			11:45	JICA Tanzania Office	Mr. Toshiro Obata	Resident Representative	Obata.Toshihiro@jica.go.jp
				ditto	Mr. Hiroyuki Kinomoto	Deputy Resident Representative	kinomoto.hiroyuki@jica.go.jp
				ditto	Ms. Yasuyo Kawamura	Assistant Resident Representative	kawamura.yasuyo@jica.go.jp
			15:00	Embassy of Japan in Tanzania	Mr. Timio Harada	Second Secretary	t-harada@raha.com

Tanzania/ SME Management

Country Name	City	Date	Time	Organization	Name	Title	E-mail or Tel No.
Tanzania	Dar es Salaam	02/14	9:00	SIMON ENGINEERING WORKS Ltd.	Mr. Simon Mzighani	Factroy Director	sew19us@yahoo.com
			11:00	NDULA PRODUCTS	Mrs. Janet Mlowe	Managing Director	ndulaproducts@yahoo.com
			13:00	J&L Handcraft	Mrs. Louisa Judicatemushi	Managing Director	jlhandcraft@yahoo.co.uk
			15:00	Simba Umeme Engineering	Mr. Steven Kessy	Managing Director	simbaumeme@yahoo.co.uk
		02/15	9:00	Lajo Trails Ltd.	Mr. Japhat E. Lawuo	Managing Director	director@lajotrails.net
			11:00	Karibu Arts & Crafts Ltd.	Mr. Orgenes K. Uiso	Managing Director	karibuartgallery@yahoo.com
			13:00	NABO Machines & Equipments Engineering	Mr. Nabo P. Temu	Managing Director	255-744-720074
			15:00	S.S. Concrete Co. Ltd.	Mr. S. Ph. Ndossy	CEO	concrete@dar.bol.co.tz
		02/16	9:00	Classic Bakery & Enterprises	Mr. Claud Victor Kitambi	Factroy Director	255-22-2807240
			12:00	Lengesia Again Investment Ltd.	Mr. Aloce F. Msafi	Managing Director	255--22-2461299
			15:00	Dar Leo Super Sembe	Mrs. Macmican J. Elingaya	Managing Director	255-744851539
		02/17	10:00	Marverous Batik	Mrs. Flotea Massawe	Managing Director	marvbatik@yahoo.com
			13:00	LM Enterprises Ltd.	Mrs. Esterina E. Kapinga	Managing Director	gsfurnishers@yahoo.com
			15:00	Nyumba Ya Sanaa	Mr. Clauoy Simbila	Factroy Director	255-748-658568
		02/18	10:00	Traditional Textiles	Mr. Marcelin B. Komba	Managing Director	traditionaltextile@hotmail.com

Uganda/ SME Policies

Country Name	City	Date	Time	Organization	Name	Title	E-mail or Tel No.
Uganda	Kampala	01/31	9:00	Management Training and Advisory Centre (MTAC)	J. K. Simwogerere	Senior Consultant	yekosimu@yahoo.com
			10:30	JICA Uganda Office	Ms. Nobuko Nakamura	Project Formulation Advisor	Nakamura.Nobuko@jica.go.jp
			11:00	Embassy of Japan in Uganda	Ms. Masumi Owa	Researcher	owa@jembassy.or.ug
			15:30	Ministry of Tourism, Trade and Industry	Dr. Sam G. Nahamya	Permanent Secretary	ps@mintrade.org
				ditto	Mr. T. K. Sabakaki	Commissioner, Department of Trade	saba_theo@yahoo.co.uk
				ditto	Mr. Joseph Kitamirike	Department of Industry and Technology	256-77-536-513
			16:30	Ministry of Finance, Planning & Economic Development	Mr. Festas Ssenkumba, Jr.	Research Assistant	festas2kk@yahoo.com
		02/01	16:30	Ministry of Tourism, Trade and Industry	Mr. Joseph Kitamirike	mentioned above	mentioned above
		02/02	9:00	UNDP	Mr. Patrick Mbonye	MSE/MFI Component Manager (IG & SL) (Aid Liaison Dept., Ministry of Finance, Planning and Economic Development)	pkmboyne@yahoo.com
		02/03	11:00	Uganda Small Scale Industries Association	Mr. Vincent Sseyondo	Executive Director & Consultant Management & Training	vssennyyondo@hotmail.com
		02/04	16:30	Uganda Industrial Research Institute	Dr. Charles G. Kweisga	Exectutive Director	uiri@utlonline.co.ug
				ditto	Mr. Aheebwa Moses	Ag. Finance & Administrative Officer	aheebwam@yahoo.com
		02/05	14:30	Makereree University Business School. Enterprise Development Centre	Ms. Audrey Kahara-Kawuki	Business Development Manager	akawuki@yahoo.com
					Ms. Terry Najja Kakeeto	Lecturer/Business Development Advisor	tkakeeto@yahoo.com
		02/07	9:30	Uganda National Board of Standards	Mr. Willy Musinguzi	Head, Quality Assurance Division	willy.musinguzi@unbs.org
			15:00	UNIDO	Mr. Albert W. Semukutu	National Expert-Engineer, MSE Component	semukutu@yahoo.co.uk
			18:00	Management Training and Advisory Centre (MTAC)	Mr. George Tumwesigye	Executive Director	256-77-44019
				ditto	Mr. Edward B. Mulumba	Senior Consultant	256-71-848502
		02/08	11:00	Ministry of Finance, Planning & Economic Development	Mr. Festas Ssenkumba, Jr.	mentioned above	mentioned above

Country Name	City	Date	Time	Organization	Name	Title	E-mail or Tel No.
Uganda	Kampala	2/14	9:30	Management Training and Advisory Centre (MTAC)	J. K. Simwogerere	Senior Consultant	yekosimu@yahoo.com
			11:30	Private Sector Foudation Uganda	Mr. Gabriel Hatega	Executive Director	Ghatega@psfuganda.org
					Ms. Ssemuwemba Annette Mutaawe	Manager, Trade Development Unit	amssemuwemba@psfuganda.com
			15:30	Management Training and Advisory Centre (MTAC)	J. K. Simwogerere	Senior Consultant	ps@mintrade.org
		2/15	10:00	Uganda Investment Authority	Dr. Ms. Maggie Kigozi	Executive Director	mkigozi@ugandainvest.com
				ditto	Mr. Charles Omusana	Senior Investment Executive	omusana@ugandainvest.com
			13:30	Uganda Export Promotion Board	Ms. Florence Kata	Executive Director	uepc@starcom.ug
			15:00	Ministry of Tourism, Trade and Industry	Dr. Sam G. Nahamya	Permanent Secretary	ps@mintrade.org
					Mr. Jecho O. Amai	Assistant Commissioner (Trade)	amaijo@yahoo.com
			16:00	Management Training and Advisory Centre (MTAC)	Mr. George Tumwesigye	Executive Director	mtacmkt@yahoo.com

Uganda/ SME Management

Country Name	City	Date	Time	Organization	Name	Title	E-mail or Tel No.
Uganda	kampala	02/02	14:00	St. christian Graphics Ltd.	Mr. Ssenbulya Chris	Managing Director	stchristian@utlonline.co.ug
		02/03	9:00	Nina Interiors Ltd.	Mrs. Patricia Karugaba	General Manager	pkarugaba@ninainteriors.co.ug
			13:00	KWERA Ltd.	Mr. Augustin I. Bwankosya	Managing Director	kwera@utlonline.co.ug
			15:00	Safi Cleaning Services Ltd.	Mrs. Nyabunwa Sapphira	Managing Director	safi@infocom.co.ug
		02/04	10:00	Afro-Kai Ltd.	Mr. Chris R. Kaijuka	Managing Director	afrokai@afsat.com
			12:00	Kampala Jellitone Suppliers Ltd.	Mr. Abasi Kazibwe Muisisi	Managing Director	kjsltd@spacemetuganfa.com
			14:00	John Lugendo & Company ltd.	Mr. David S. F. Bukaalamye	General Manager	256-41-272743
		02/05	10:00	Bukenya Estate Ltd.	Mr. Xwecent Peter Bukenya	Managing Director	256-77448995
			12:00	Hotel Africana Ltd.	Mr. B.M. Kibirige	Chariman	africana@hotelafricana.com
			15:00	Lweza Clays Ltd.	Mr. Kizito Lutwama Moussa	Managing Director	lwezaclays@yahoo.com
		02/07	11:00	Kadic Hospital Bukoto	Mr. H. Kasozi	Medical Director	256-41-530046

Ghana/ SME Policies

Country Name	City	Date	Time	Organization	Name	Title	E-mail or Tel No.
Ghana	Accra	02/14	09:00	UNDP	Ms. Christy Ahenkora Banya	Programme Analyst	christy.a.banya@undp.org
	Accra		11:45	Ghana Investment Promotion Centre (GIPC)	Mr. Kwasi Abeasi	Chief Executive	kabeasi@gipc.org.gh
	Accra		16:00	Ghana National Chamber of Commerce and	Mr. Salathiel Doe Amagavie	Chief Executive	gncc@gh.com
					Mr. David Addo	Administrative/Finance Officer	
	Accra	02/15	09:00	Association of Ghana Industries (AGI)	Mr. Cletus J. Kosiba	Director	ckosiba@agighana.org
	Accra		14:50	National Board for Small Scale Industries	Nana (Dr.) Baar Boakye	Executive Director	nbssided@ghana.com
	Accra	02/16	11:00	Private Enterprise Foundation (PEF)	Mr. Osei Boeh-Ocansey	Director General	obocansey@pefghana.org
					Mr. Louis Asomaning-Bimpong	Business Development Manager	
					Mr. Moses Henry Agyemang	Senior Economist	
					Mr. Jesse K. Clottey	Director-Technical Service	
	Accra		14:40	Ghana Export Promote Council (GEPC)	Mr. K. Adu-Mensah	General Manager	kadumens@yahoo.co.uk
	Accra		16:00	Africa Project Development Facility (APDF)	Mr. Modou Badara Njie	Regional Manager	mnjie@ifc.org
	Accra		17:50	Association of Ghana Industries (AGI)	Mr. Cletus J. Kosiba		
	Accra	02/17	9:00	UNDP	Mr. Christophe Bahuet	Deputy Resident Representative	christophe.bahuet@undp.org
	Accra		10:30	Ministry of Private Sector Development	Mr.V.Ate Ofosu-Amaah	Technical Advisor	ate@ghana.com
					Mr. Emmanuel Tranklin Ofson-	Director	mpsd@africaonline.com.gh
	Accra		11:50	Ministry of Trade, Industry & President's Special	Hon.Alan Kyerematen	Minister	minister@moti-ghana.com
	Accra		13:00	Lunchen (AGI & NBSS)	Mr.Seth Twum-Akwaboah(AGI)		
					Ms. Naa Oye Nettey(NBSS)		
	Accra		14:00	DFID	Ms. Catherine Martin	Private Sector Development Advisor	c-martin@dfid.gov.uk
	Accra	02/18	09:30	FIT Ghana (NGO)	Ms. Robert G. Nsiah	National Coordinator	fitghana@ghana.com
	Accra		11:15	Prudential Bank Ltd.	Mr. Joseph Okine-Afrane	Deputy Managing Director	prudential@ghana.com
					Mr. Humphrey Tayo Ayernor	Haed, Credit Administration Division	
					Mr. Gorge Akwasi Adjei	Head, Project Finance Dept.	
	Accra		12:00	Ghana Standard Board	Mrs. Adelata Lysketh	Director, Standards and Certification	021-501973
	Accra		14:00	Association of Small Scale Industries	Mr. Richmond Tetteh	President	electrotee@yahoo.com
	Accra		16:00	Embassy of Japan	Mr.Kubota	First Secretary	
	Accra		17:30	JICA Ghana Office	Mr.Kenichi Shishido	Resident Representative	
				ditto	Mr. Shinji Obuchi	Deputy Resident Representative	
				ditto	Ms. Sachi Koyama		

Ghana/ SME Management

Country Name	City	Date	Time	Organization	Name	Title	E-mail or Tel No.
Ghana	Accra	02/10	9:00	JICA Ghana Office	Mr.Kenichi Shishido	Resident Representative	Shishido.Kenichi@jica.go.jp
				ditto	Mr. Shinji Obuchi	Deputy Resident Representative	Obuchi.Shinji@jica.go.jp
				ditto	Ms. Sachi Koyama	Local Consultant	jicagn@africaonline.com.gh
	Accra		10:30	UNDP Ghana Ofice	Ms.Christy Banya	Programme Analyst	christy.a.banya@undp.com
	Accra		11:00	Technonet Africa	Mr.Andrew Lawson	Chief Executive	
				Association of Ghana Industries (AGI)	Mr.Marcus Casel	Director	mcasel@agi.org.gh
				同上	Mr.Seth Twum-Akwaboah	Business Development Consultant	sethta@agi.org.gh
				National Board for Small Scale Industries(NBSS)	Ms. Naa Oye Nettey	Programme Analyst	
	Accra		14:30	Ghana National Chamber of Commerce and Industries	Mr.Salathiel Doe Amegavie	Chief Executive	gncc@gh.com
	Accra	02/11	11:00	Hey Looks (Garments)	(Owner refused interview)		
	Accra		12:30	Edinam Ventures (Batik)	Ms. Esi Hughes Nusenu	Managing Director	
	Accra		15:00	Enterprise Africa	Mr.Patrick Nimo	Programmes Coordinator	pnimo@entafrica.org
	Tema	02/14	10:00	Pastel Food Products Ltd	Mrs. Pat Ledi	Director	pledi@yahoo.com
	Tema		12:00	Elsa Foods Ltd	Mr.Clement Awuku-Koramoa	General Manager	awukukoramoa@yahoo.com
	Tema		14:00	Processed Foods & Spices Ltd	Mrs. Leticia Osafo-Addo	Managing Director	
	Accra		16:00	Peace Furniture Ltd		Managing Director	
	Accra	02/15	10:30	Hemsys	Mrs.Ahema Tsegah	Owner & Designer	hemsys@hotmail.com
	Accra		11:40	Yoofi's Pharmacy Limited	Mr.Yoofi Dadzie	Owner & Industrial Pharmacist	yopharm@yahoo.com
	Accra		11:20	Jam Enterprises Ltd	Ms.Jessica Manuel	Managing Director	
	Tema		15:00	Premium African Textiles Co Ltd (known as GTP as brand name)	Mr. Kofi Boateny	Group Finance Director	kofi.boateng@vliscogh.com
	Accra	02/16	10:00	Nkulenu Industries Ltd	Mr. Malm (Ocloo)	Managing Director	
	Accra		13:00	Betdove Enterprise	Ms.Bertha D. Degadzor	Owner and Manager	772-389
	Tema		14:00	Athena Foods Limited	Dr. Tony Mensah	Managing Director	athena@ghana.com
	Accra	02/17	9:00	UNDP	Mr. Christophe Bahuet	Deputy Resident Representative	christophe.bahuet@undp.org
	Accra		10:30	Ministry of Private Sector Development	Mr.V.Ate Ofosu-Amaah	Technical Advisor	ate@ghana.com
	Accra		11:50	Ministry of Trade, Industry & President's Special Initiative	Hon.Alan Kyerematen	Minister	minister@moti-ghana.com
	Accra		13:00	Lunchen (AGI & NBSS)	Mr.Seth Twum-Akwaboah(AGI)	Business Development Consultant	
					Ms. Naa Oye Nettey(NBSS)		
	Accra	02/18	11:00	Ghandour Cosmetics Ltd	Mr. Tanal Ghandour	Managing Director	ghancos@ghana.com
	Accra		16:00	Embassy of Japan	Mr.Hiroyuki Kubota	First Secretary	233-21-765060
	Accra		17:30	JICA Ghana Office	Mr.Kenichi Shishido	Resident Representative	Shishido.Kenichi@jica.go.jp
				ditto	Mr. Shinji Obuchi	Deputy Resident Representative	Obuchi.Shinji@jica.go.jp
				ditto	Mr. Makoto Shinkawa	Assistant Resident Representative	Shinkawa.Makoto@jica.go.jp
					Ms. Sachi Koyama	Local Consultant	jicagn@africaonline.com.gh

Nigeria/ SME Policies

Country Name	City	Date	Time	Organization	Name	Title	E-mail or Tel No.
Nijeria	Abuja	01/31	09:00	JICA Nigeria Office	Mr. Yamagata Mr. Hikabe	Resident Representative Project Formulation Advisor	234-9-523-2869, Fax: 234-9-523-5431 (m)08035895266/08033140402
			10:00	UNDP	Ms Mary Symmonds	Deputy Resident Representative (Programme)	234-9-4618541(DL), Fax 4618546 mary.symmonds@undp.org
				ditto	Mr. Bertram S.C.Egwuatu	Assistant Res. Rep	09-4618545/080340355503 bertram.egwuatu@undp.org.ng
				ditto	Mr. Shua'ibu Musa,	Programme Analyst	(m)08023303814 shuaibu.musa@undp.org
				ditto	Mr. David Owolabi		
			14:00	National Planning Commission, The Presidency	Mr. A.A.Taiwo		(m)08044107863 abiodtaiwo@yahoo.com
			17:00	Small & Medium Enterprises Development Agency, The Presidency	Mr. S.Olufemi Adebiyi	Director, Industrial Promotion, Magt. & Extension Services	234-9-2906093/95, Fax:234-9-4136742 (m)08038107532, adebiyifemi2000@yahoo.co.uk
				ditto	Ms. J.I.David,	Asst. Director (Industrial Promotion)	(m)08033081752
				ditto	Mr. Adeleke J. Adefala	Legal Adviser/Sec. To Council	234-9-2906093/95 aadefala@yahoo.com
		02/01	10:00	Embassy of Japan in Nigeria	Mr. Nobunori Yamashita	First Secretary	234-9-413-8898,9258,9718,9719 Fax:234-9-413-7667
				ditto	Mr. Yoshihiro Mizutani	First Secretary	y-mizu@qc4.so-net.ne.jp
			14:00	Marubeni Engineering	Mr. Takeshi Mamiya	Managing Director	09-4130978/4132475, Fax:09-4130979 mamiya@hyperia.com
				ditto	Mr. Koji Kawamura	Project Manager	kawamura@hyperia.com
			16:00	UNDP	Seminar-meeting		
		02/02	10:00	Nigerian Investment Promotion Commission, The Presidency	Mr. Lawan Gana Lantewa	Director Policy Advocacy & External Relations	234-9-413224(DL)/4134803/4134380/ 4131403 lantewa@nipc-nigeria.org
			14:00	National Agency for Science & Engineering Infrastructure (NASENI)	Professor O.O. Adewoyo	B.Sc (Manchester), PhD.(Cambridge), Dorector-General/Chief Executive	09-521274/670135, (m)08044112203/ oadewoye@yahoo.co.uk
					Mr. N.P.Pawa		(m)08044112203/ 08033127195
			16:00	Presidency (Informal Sector Office)	Mr. Majaidu Stanley Dako	Special Adviser to the President (Informal Sector)	09-2349947/ 9993, (m)08035959163 sdako@infoweb.com.ng
		02/03	10:00	Federal Ministry of Industry	Engr. G.O. Asiegbu, mni	Minister, Permanent Secretary	09-2341570, Fax:09-2341919 goasiegbu@hotmail.com
				ditto	Mr. A.O.Adetayo	Assistant Director (SME)	096712081
				ditto	Mr. L.G.Salami,	Deputy Director (SME)	(m)08037820711
				ditto	Mr. Godwin Okoye,	Chief Industrial Officer	
				ditto	Mr.E. Akuighemisilu	Chief Technical Officer	
			15:00	Embassy of Japan in Nigeria	Mr. Nobunori Yamashita	First Secretary	
				ditto	Mr. Yoshihiro Mizutani	First Secretary	
			16:30	Nigerian Association of Small Scale Industrists (NASSI), Abuja Cahpter	Mr. Price J.C. Ijeoma	Chairman	08056046786 nassiabuja@yahoo.com
				ditto	Mrs. Gertrude Kadiri	Vice Chairman	08033146366
				ditto	Ms. Patricia C. Bako		
				ditto	Mr. Pastor Orient C.O.C.	Organizing Sectretary	08035900508
				ditto	Mr. Charles Osakwe		
				ditto	Mr. Uwem Essien	Asst. Pub. Secretary	08033111447
		02/04	10:00	Federl Ministry of Inter Governmental Affaires, Youth Development & Special Duties	Mrs. Esther A. Avbuere	Director (Youth Department)	09-5235904/(m)08033341642/3309808
			14:00	Federal Ministry of Employment, Labour & Productivity	Mr. Adeniji A. Adeyemo	Assistant Director (Employment & Wages)	09-5235983/994 08037125273
				ditto	Mr. F.O.Okoronkwo, KSC	Chief of Laobor Office	09-5235980, (m)080-34516261
			16:00	Central Bank of Nigeria	Mr. O.E.J. Ucheagwa	Asst Director, Dev. Finance Dept., SMIES OFS O	09-61638636/61637806, 08033175366
		02/07	10:00	NACIN	Mr. Kalu Kenneth	National President	09-2906523/08054633274/ 08030907277/08046128073/0803301362 4/
				ditto	M.K. Aghala		
				ditto	EnwereGikel		
				ditto	Charles Divine		
			14:00	Embassy of Japan in Nigeria	Mr. Tanaka Mr. Yamashita, Mr. Mizutani	Embassy of Japan	234-9-4138898/9258, Fax 234-9-4137667 a-tanaka@vc5.so-net.ne.jp
			16:00	Department for International Development (DFID)	Mr. Jan Wiimalachararia	Financial Sector Team, Policy Division	413770929/2202 j-wimaladharma@dfid.gov.uk
		02/08	09:00	World Bank, Country Office	Dr. Lucas Akapa	Snr. Operations Officer	09-3145269-75, Fax:09-3145267 (m)08033119190 lakapa@worldbank.org
			10:00	Nigerian Export Promotion Council	Mrs. G.M. Sasore	Special Adviser to the President on Export Programmes, Chief Executive-NEPC	234-9-5230933, Fax:234-9-5230932 sasoregm@yahoo.com
				ditto	Mr. Ibrahim A. Badmos	Director, Product Development Department	09-234-5233388/3382, Fax:5230931 (m)08044181542, nepcpd@operamail.com
				ditto	Mr. Sheik U. Abubakar MNIM	Director, Administration and personnel	234-9-5232289/Fax:5230931
				ditto	Mr. James A. Akujobi	Special Assistnat to the Special Adviser to the President/Chief Executive-NEPC	234-9-5230933, (m)08052802832, Fax:5230932, j akujobi@yahoo.com
			11:30	UNDP	Mr. Bertram S.C.Egwuatu,	Asst Res. Rep	08034035503
		02/14	9:00	JICA Nigeria Office	Mr. Shigeo Yamagata	Resident Representative	yamagata.shigeo@jica.go.jp
			10:30	United Nations Development Programme (UNDP)	Mr. Bertram S.C Egwuatu	Assistant Resident Representative	bertram.egwuatu@undp.org
			14:00	Embassy of Japan in Nigeria	Mr. Tanaka Mr. Yamashita, Mr. Mizutani	Empassy of Japan	eojnigeria@micro.com.ng
				ditto	Yoahihiro Mizutani	First Secretary	y-mizu@qc4.so-net.ne.jp
			16:00	Small & Medium Enterprises Development Agency of Nigeria(The Presidency)	Mrs. Modupe A. Adelaja	Director General	ma_adelaja@yahoo.com
				ditto	Dr. Adeniji A. Balogun	Director	balogunadeniyi@yahoo.com
				ditto	Mr.Adeleke T. Adefala	Legal Adviser, Secretary to Council	aadefala@@yahoo.com
		02/15	9:00	The World Bank	Dr. Lucas Akapa	Senior Operation Officer	lakapa@worldbank.org
			11:00	Nigerian Export Promotion Council	Mr. Ibrahim A. Badmos	Director, Product Development Department	nepcpd@operamail.com
				ditto	Mr. A.M. Lawal	Deputy Director	09-523-3380
				ditto	Mrs. V.A. B. Oni	Chief Trade Promotion Officer	nepc@operamail.com
			13:00	Ministry of Industry	Mr. A.O. Adetato	Deputy Director, IDC	
				ditto	Mr. L.G. Salami	Deputy Director, SME	080-3782-0711

Nigeria/ SME Management

Country Name	City	Date	Time	Organization	Name	Title	E-mail or Tel No.
Nijeria	Lagos	02/02	15:00	Rehoboth Agro-Allied Ventures	Ms. Adetojy Odunsi	General Director	234-1-435-4272
			17:00	Main Spring Limited	Ms. Maria Eka	General Director	
			19:00	Spectra Nigeria Limited	Mr. Duro O. Kuteyi	General Director	234-01-4741767
		02/03	10:00:	Family Food Limited	Mr. N.O. Adewusi	Executive Officer	4923354
			12:00	Eghiemai Industries Limited	Mrs. H.E. Oghuma	CEO	234-01-8043294
			13:00	More Foods	Mr. Olabibi B. Alao	CEO	8023006737
			16:00	Bennett Industries Ltd.	Mr. R.I. Odiah	General Director	234-01-7911137
		02/04	10:00	Standard Brothers Enterprise Ltd.	Mr. Fred O. Echiejule	General Director	01-4707262
			11:30	Johnson Products of Nigeria Limited	Mr. Bunmi Ayo	General Director	231-1-4968210
			13:30	Lydin	Ms. Moji Abass	General Director	01-4526514
			15:00	Three Points Industry	Mr. Fola Soetan	Financial Director	080-33065195
			17:00	Produce Extract Ltd.	Mr. L. Kotey	Managing Director	01-4717831
		02/07	11:30	Soul Mate	Mr. Ndukwe M. Osogho-Adala	Managing Director	234-1-492 2668
			14:00	Merit Resources Ltd	Mr. Alh K. Isa	Managing Director	7767762
			16:00	JETRO	Mr. Takayuki Suzuki	Representative	234-1-2613751
			18:00	KPMG	Kunle Elebute	Partner	234-1-269-5969
		02/08	10:00	Polyurethane Manufactures Ltd	Mr. G. Agbaje	Managing Director	01-4966264
			11:30	AFROTEC	Ms. Rose Ogunsanwo	Managing Director	01-4528063
			13:00	Dalite Ventures Ltd	Mr. Daya Oniyide	CEO	08029057316
			15:00	Dordavy Nigeria Ltd	Mr. Doravy	CEO	08023073002
		02/09	9:00	Manufacturers Association of Nigeria	Mr. Jide A. Mike,	Ag. Director General	4974241/4974248/4974243(DL) Fax: 4974247, (m)8033028605 jidemike@manufacturersnigeria.org
				ditto	Mr. Ambrose Oruche	Manger Sectoral Dept.	(m)8023199563 chumaoruche@yahoo.co.uk/chuma@manufacturersnigeria.org/aoruche@exite.com
				ditto	Mr. S.O. Gbadegun, B.Sc.(AMNIM)	Research Economist	(DL)4974246 femgba@yahoo.co.uk/man@manufacturersnigeria.org
				Nigeria Association of Small Scale Indusrtrists	Mr. Fadipe O. Kamar',	Administrative Secretary	01-4811796, (m)8033865983 fagdipekamar@hotmail.com/nassilagos@yahoo.com
			10:00	Lagos Chamber of Commerce	Mr. Adekunle A. Olumide, OON	Director General	234-1-2613917/7746617(DL)234-1-2610424 Fax:2611525, (m)08055229663 icci@hyperia.com/icci@lagoschamber.com
				ditto	Mr. Akin Aluko, MNIM	Cosulting Manager (SMEs), Business Service Unit	234-1-2705386/2701009 (m)08023037547 consulting@lagoschamber.com eyealuko@yahoo.co.uk
				ditto	Mr. Olumayowa Olanihun	Research Group	2613917/7746617
				ditto	Chief Dr. K.F. Olayinka (JP) (D Miss)	KAY EFF OLAYINKA NIG.Ltd., Chairmen/ Managing Director	234-01-2663864/6294, 037-640227 Fax:2643779, kayeff@hyperia.com
			13:00	Bank of Industry	Mr. Waheed A. Olagunju,	Company Secretary & Head, Cooperate Communications Division	234-9-2349337, Fax:09-2349378 (m)08034032123 info@boi-ng.com
			15:00	Star Auto Industries Ltd.	Mr. Gabirel Uyanna,	General Manager	01-5872725/5876536, Fax:234-1-5870908 starautoindustriesltd@yahoo.co.uk

Cameroon/ SME Policies

Country Name	City	Date	Time	Organization	Name	Title	E-mail or Tel No.
Cameroon	Younde	01/31	14:30	Embassy of Japan In Cameroon	Mr. Masazumi Tominaga	Counselor	
				ditto	Mr. Hiroki Sugiyama	Third Secretary	hiroki.sugiyama@mofa.go.jp
			16:00	Agende de Consultants Assicies (ACA)	Mr. Byll Arhini	Director	byllarhi@yahoo.fr
				ditto	Dr. Robert Nantchouang	Professor	gercis@cenadi.cm
		02/01	08:30	United Nations Development Programme (UNDP)	Ms. Patricia de Mowbray	Resident Coordinator for Operational Activities for Development of the United Nations System	patricia.de.mowbray@undp.org
				ditto	Mr. Marcellin Henri Ndong Ntah	Conseiller en Developpement	marcellin.ndong.ntah@undp.org
			12:00	Ministry of Economic Affiars, Programming and Regional Development	Mr. Emmanuel Mbarge	Economist - Statistician of Deparrtment of Economic and Technical Cooperation	mbaremma@yahoo.fr
			14:00	Ministre de Petites et Moyennes Entreprises de l'Economie Sociale et de l'Artisanat	H.E. Mr. Bernard Messengue Avon	Minister	
		02/02	08:00	National Investment Corporation of Cameroon (SNI)	Mr. Magloire Claude Hand Bahiol	Manager, Prohects Division	mhand@sni.cm
			10:00	Ministere du Commerce	Mr. Mongoleon Diabelle	Secretaire General	
				ditto	Mr. Fotso Felix	Sous - Direction de la distribution et de la Regulation	
			11:00	Ministere de l'Industrie, des Mines et du Developpement Technologique	Mr. Essomba Abanda Simon Pierre	Secretaire General	
			12:00	ditto	Mr. Celestin N'Donda	Director of Industry	
			16:00	Ministere de Petites et Moyennes Entreprises de l'Economie Sociale et de l'Artisanat	Mr. Alphonse Marie Owana	Director of SMEs	owanama@yahoo.fr
			16:30	Ministre du Commerce	H.E. Mr. Luc Magloire Mbarga Atangana	Minister	
			17:15	National Investment Corporation of Cameroon (SNI)	Mrs. Yaou Aissatou	General Manager	Ayaou@sni.cm, sni@sni.cm
	Douala	02/03	18:00	Groupment Inter-Patrona du Cameroun (GICAM)	Mr. Martin ABEGA	Secretaraire Executif	martinabega@yahoo.fr
			10:00	Chambre de Commerce d'Industrie des Mines et de l'Artisanat du Cameroun	Mr. Saidou Abdoulai Bobboy	Secretary General	Cride-g77@camnet.cm
					Lules Rommel Touka	Statistien Economiste	jtouka@hotmail.com
			12:00	National Office for Industrrial Free Zone(NOIFZ)	Michael N. TOMDIO	Director General	
			16:30	Entreprise Cmeroun	Guy MBONGO-MOUNOUME	Director General	
				ditto	Jacque NCHEHO	Director General Adjoint	
				ditto	Jean-Marie BIADA	Directeur Coordinateur des Programmes de Formation	
		02/05	10:00	Association of Promoters of non-traditoional Agricultural Export Commodities	Mr. Georges Ebelle Kelle	Executif Secretary	georgesebelle@yahoo.com
	Yaounde	02/12	15:00	Blaz Design	Mr. Blaz J.E. Essomba (Mr. Samuel YEMENE, Chambre de Commerce d'Industries de Mines et de l 'Artisanat du Camerounが同行)	Couturier, P.D.G.	237-2202366, (m)87758286
		02/13	16:30	Agende de Consultants Assicies (ACA),	M. Byll Arhini,	Director	
		02/14	9:00	Embassy of Japan In Cameroon	Mr. Kunieda Mr. Imashiro	Embassador First Secretary	
			10:30	Ministere de Petites et Moyennne Entreprises de l'Economie :	M. Alphonese Marie Owana		
			15:00	Ministere du Commerce	M. Mongoleon Diabelle	Secretarire General	2220070,(m)9782430
				ditto	M. Felix Fotso,		
				ditto	M. Bouba Aoussine	Acting Head of Subdivision of External Trade	
				ditto	Mme Juliana Naounde		
		02/15	14:00	Societe National de l'Investissment (SNI)	M. Magloire Claude HAND BAHIOL	Manager, Project Division	237-2231332 mhand@sni.com
		02/16	11:30	Afiland First Bank,	Mr. Alamine Ousmane Mey	Directeur General	237-2225837/2225109/2233068 fax:237-2221785/2239155 aomey@afrilandfirstbank.com
			16:00	UNDP	Mr. Marcellin Henri Ndong Ntah	Conseiller en Development	(m)7936717 marcellin.ndong.ntah@undp.org/mhndong@yahoo.fr
			19:30	Matsuda Consultants International, Co. Ltd	Mr. Inoue、	Directeur、	
		02/17	8:30	Ministere d'Industrie, des Mines et du Development Technologique	Mr. ESSOMBA ABANDA Simon Pierre	Secretere General	237-2220862/2251975
			10:30	Banque des Etats de l'Afriques Centrale、	M.MONAYONG NKOUMOU Jean-Michel		237-2233798, (m)7330621 monayong@beac.int
		02/18	8:15	Ministere d'Industrie (Standard)	Mr. Martin YANKWA	Sous Directeur, Normalization	2221120,(m)9864020 myankwa@yahoo.fr
			9:00	World Bank	Mr. Emmanuel NOUBISSIE NGANKAM		237-2203815, Fax:237-2210722 enoubissie@worldbank.org
			11:00	Seminar	Ministere d'Industrie, des Mines et du Development Technologique		
	Douala		18:00	Groupment Inter-Patrona du Cameroun (GICAM)	Mr. Martin ABEGA	Secretaraire Executif	martinabega@yahoo.fr

Cameroon/ SME Management

Country Name	City	Date	Time	Organization	Name	Title	E-mail or Tel No.
Cameroon	Douala	02/15	10:30	Cameroon Chamber of Commerce Industry Mines and Crafts	Mr. Saidou A. Boboy	Secretary General	237-999-54-61(m) Cride-g77@camnet.cm
				ditto	Mr. Jules R. Touka	Information Department	237-343-44-95
				ditto	Ms. Petchono Julienne	Informatrion Department	237-343-44-95
			17:00	CAMLAIT S.A	Mr. David Dzuafo	Chief Service Approvisionments	237-337-44-60
		02/16	8:30	Buetec Broderie	Mr. Francois Guemto	Director general	343-39-36
			10:30	Group YVY	Ms. Mireille Nemale	Manager	342-97-19
			16:00	CIF	Mr. Fongang F. Francois		931-28-80
			18:00	Metal Services	Ms. Kamgue Christine	Director general	340-92-53
				ditto	Mr. Marcel le Sager	Vice Director general	
		02/17	9:00	IBC	Ms. Helene N. Ngalle	Administrative and Financial manager	237-342-38-32
			10:30	AUBAC S.A.	Mr. Antoine Fossi	Directror general	237-339-05-00
			14:00	AMD	Mr. Michel Kamgue	Chiarman	343-01-13
				ditto	Mr. Bonaventure Tchewo	Sales manager	
		02/18	10:00	seminar	Cameroon Chamber of Commerce Industry Mines and Crafts		
			15:00	SAFCA-Insecticides	Mr. Barthelemy Fotso	Director general	339-21-81
			17:00	SIPLAST	Mr. El R. Mahmound	Director general	237-39-12-46
			19:00	KPMG	Mr. Jacques P. Bounang	Partner	237-343-96-85

ANNEX Preface-2: Participation of International organization by Country (Alphabetical Order)

	South Africa	Tanzania	Uganda	Ghana	Nigeria	Cameroon
AfDB	*yes*	*yes*	*yes*	*yes*	*yes*	*yes*
CEMAC						*yes*
COMESA			*yes*			
ECOWAS				*yes*	*yes*	
IBRD	*yes*	*yes*	*yes*	*yes*	*yes*	*yes*
ICC	*yes*	*yes*		*yes*	*yes*	*yes*
IDB			*yes*			*yes*
IFC	*yes*	*yes*	*yes*	*yes*	*yes*	*yes*
IMF	*yes*	*yes*	*yes*	*yes*	*yes*	*yes*
ISO	*yes*	*yes*		*yes*	*yes*	
MIGA	*yes*	*yes*	*yes*	*yes*	*yes*	*yes*
OAS				*yes*		
OAU	*yes*	*yes*	*yes*	*yes*	*yes*	*yes*
OPEC					*yes*	
SACU	*yes*					
SADC	*yes*	*yes*				
UN	*yes*	*yes*	*yes*	*yes*	*yes*	*yes*
UNCTAD	*yes*	*yes*	*yes*	*yes*	*yes*	*yes*
WCO	*yes*	*yes*	*yes*	*yes*	*yes*	*yes*
WHO	*yes*	*yes*	*yes*	*yes*	*yes*	*yes*
WIPO	*yes*	*yes*	*yes*	*yes*	*yes*	*yes*
WTO	*yes*	*yes*	*yes*	*yes*	*yes*	*yes*

ANNEX I-1: Thresholds for the Classification as Micro, Very Small, Small or Medium Enterprise in South Africa

Sectors or Sub-sectors in Standard Industrial Classification	Size or Class	Total full-time equivalent of paid employees Less than:	Total annual turnover (Rm) Less than:	Total gross asset value- fixed property excluded (Rm)
Agriculture	Medium	100	5.00	5.00
	Small	50	3.00	3.00
	Very small	10	0.50	0.50
	Micro	5	0.20	0.10
Mining and Quarrying	Medium	200	39.00	23.00
	Small	50	10.00	6.00
	Very small	20	4.00	2.00
	Micro	5	0.20	0.10
Manufacturing	Medium	200	51.00	19.00
	Small	50	13.00	5.00
	Very small	20	5.00	2.00
	Micro	5	0.20	0.10
Electricity, Gas and Water	Medium	200	51.00	19.00
	Small	50	13.00	5.00
	Very small	20	5.10	1.90
	Micro	5	0.20	0.10
Construction	Medium	200	26.00	5.00
	Small	50	6.00	1.00
	Very small	20	3.00	0.50
	Micro	5	0.20	0.10
Retail and Motor Trade and Repair Services	Medium	200	39.00	6.00
	Small	50	19.00	3.00
	Very small	20	4.00	0.60
	Micro	5	0.20	0.10
Wholesale Trade, Commercial Agents and Allied Services	Medium	200	64.00	10.00
	Small	50	32.00	5.00
	Very small	20	6.00	0.60
	Micro	5	0.20	0.10
Catering, Accommodation and other Trade	Medium	200	13.00	3.00
	Small	50	6.00	1.00
	Very small	20	5.10	1.90
	Micro	5	0.20	0.10
Transport, Storage and Communication	Medium	200	26.00	6.00
	Small	50	13.00	3.00
	Very small	20	3.00	0.60
	Micro	5	0.20	0.10
Finance and Business Services	Medium	200	26.00	5.00
	Small	50	13.00	3.00
	Very small	20	3.00	0.50
	Micro	5	0.20	0.10
Community, Social and Personal Services	Medium	200	13.00	6.00
	Small	50	6.00	3.00
	Very small	20	1.00	0.60
	Micro	5	0.20	0.10

Source: *Schedule 1 to the National Small Business Act of 1996, as revised by the National Small Business Amendment Bill of March 2003.*

ANNEX I-2: Major Financial Programs/Products Provided by Three Government Agencies and DTI (South Africa)

Name of program/product	Objective	Access criteria	Description
Khula Enterprise Finance Ltd.			
Credit Guarantee Scheme -Individual Guarantees -Institutional Guarantee -Portfolio Guarantee Scheme	**Individual Guarantees** To enable an entrepreneur to access funding from a participating bank or other financial institution. The scheme enables the entrepreneur to access funding for purposes of establishing, expanding or buying out an existing business, business assets and working capital.	**Individual Guarantees** -South African citizen. -Owner/manager of the business. -Live within the borders of the Republic of South Africa. -Applicant must provide at least 10% own contribution. -Applicant must have the necessary skills and experience or access to such skills. -The business must demonstrate financial viability.	**Individual Guarantees** -Credit assessment of all application is done by the bank itself. Upon satisfying itself that the application conforms with all its necessary lending requirements, the bank then approaches Khula for a guarantee, if and when it needs cover beyond that which the entrepreneur can provide. - Khula provides cover up to R1 million of the bank facility at 80% , with a 3% fee payable per annum in advance. The duration of the scheme is 36 months initially, but can be extended twice for periods of 12 months each time.
	Institutional Guarantee To cater for institutions that on-lend to the SMME market and are able to source such capital from the commercial banks.	**Institutional Guarantee** -Retail financial institution on-lending to SMMEs. -Business to be conducted within the Republic of South Africa, to South African citizens.	**Institutional Guarantee** -Agreements are signed between Khula and the commercial banks to enable utilisation of the scheme. -Finance has to be approved by the financial institution and would only apply to Khula for guarantee in a case where there is lack of collateral. -Guarantees limited to 70% of the financing provided by the bank, such limit not to exceed 10% of Khula capital.
	Portfolio Guarantee Scheme Through this facility, Khula can enter into partnership with an approved organisation, for example a retail financial intermediary (RFI), which lends	**Portfolio Guarantee Scheme** -Due diligence by the fund and the institution. -Agreements are signed with private enterprises where the objective is to	**Portfolio Guarantee Scheme** -Facility fee of 1% once-off on the total facility. -Utilisation fee of between 0,5% to 3% payable annually on outstanding balance.

	to a specific targeted SMME market.	provide credit facilities to the SMME in a specifically identified segment, for example, small contractors, etc. -Criteria for the SMMEs applies as for individual guarantees	-Appraisal fee of 0,5% non-refundable, payable upfront to a maximum of R10 000. -Participation varies between 50-80%of the RFIs irrecoverable loss. -Size of loan varies as per agreement with the RFI. -Target market as per agreement.
Loans to Retail Finance Intermediaries (RFIs)	To provide various loans to RFIs with funding for on lending SMMEs.	Only companies that are existing RFIs, or intend becoming RFIs, are eligible to access these products.	-The loans are provided to enable the RFIs to lend to entrepreneurs for business purposes. Entrepreneurs approach RFIs directly and not Khula. -Loan amounts range from R1 million to R10 million.for less experienced RFIs, R5 million to R100 million for experienced RFIs. -Interest rate free (Pioneer loans, Seed loans), 5%(Capitalization loans), prime minus 3% depending on the profile of the RFI (Business loans). -Grant funding is provided to RFIs for HRD, research and management information system implementation.
Khula Equity Fund	To provide equity and quasi-equity to SMMEs.	- The fund targets viable businesses run and managed by people from previously disadvantaged communities. Funding may be for a transfer of ownership of existing businesses or the expansion or acquisition of an existing one. - Growth oriented SMMEs. - Projects must be owned and managed by South African citizens and preferably with a significant BEE component.	- The investment made by Khula ranges from R250 000 to R2, 5 million. - The fund seeks longer-term (3-7 years) investments. - Investments typically result in the fund owning a 26% to 49% minority share position depending on the valuation of the company and the amount of capital sought. - The promoter is required to make a financial contribution to the project commensurate to its level of risk and his or her financial ability.

KhulaStart	An intervention based on the United Nations model of micro credit to promote greater access to micro credit by rural communities. It targets historically disadvantaged communities particularly women in rural and peri-urban areas.	-Organisations willing to assist in establishing MCOs (Micro Credit Outlets) must be based in rural or peri-rural urban areas. -The NGO or CBO should already be involved in some form of SMME support activity in the community such as business training and advice.	-KhulaStart uses the group solidarity methodology (gives loans to groups - not individuals). Individuals select themselves into groups of 3 -10 members and need to meet the criteria established for group participation. -The loans are disbursed on an incremental basis from R300 - R3 500 per member within a group.
Anglo-Khula Mining Fund	A joint venture between Anglo American plc and Khula Enterprise Finance to provide financial assistance to junior mining projects	-Individual investments by the Fund shall only be applied to the acquisition of plant and equipment and the funding of working capital requirements. -The project must indicate a real internal rate of return of at least 15% (net of management fees charged by the Fund).	-Individual investments by the Fund will range between R1m and R5m. -As far as possible, the Fund will target investments that will be co-funded with Anglo or one of its subsidiaries.
Enablis-Khula Fund	A partnership between Enablis Entrepreneurial Network, Khula Enterprise Finance Limited and FNB Enterprise Solutions to foster entrepreneurship, strengthen the SME sector, promote ICT and development, open new markets, create jobs and encourage meaningful economic participation, with a focus on supporting business ventures of historically disadvantaged persons.	-Accredited member of Enablis South Africa. A separate application is required for this accreditation. -Business must meet the Enablis criteria. i.e. it must be involved in one or more of the following areas: broadening access to ICT and digital opportunities, enabling broader market access, creating lCT-related jobs, improving ICT skill levels.	-The fund is currently capitalised at R50m. -The Loan Fund works as a guarantee for a loan from FNB Enterprise Solutions. Businesses that meet the criteria and whose application for funding has been approved will obtain funding from FNB. In turn the Loan Fund will guarantee up to 90% of the Loan from FNB Enterprise Solutions. -The guarantee range provided by the Fund is between R100K and R2.5m.
National Empowerment Fund (NEF)			
Entrepreneur Support -Generator -Accelerator -Transformer	Overall purpose is to encourage a culture of entrepreneurship among Historically Disadvantaged Persons (HDPs), assist the growth of existing HDP businesses and to facilitate transformation in non-HDP owned and operated enterprises.	HDP equity thresholds (including NEF stake) is set by products: - 75% or more (**Generator**) - 51-74% (**Accelerator**) - 26-50% (**Transformer**) Types of organizations supported are:	**Generator** -Investment ranges from R250 000 to R1million. -Types of investment are debt (secured and unsecured) and equity. - Overall Target Fund Returns is 12% - 20%

	Generator To facilitate the creation of new blackowned and managed enterprises which have the capacity to become sustainable small/medium enterprises. **Accelerator** To facilitate the growth and development of existing HDP-owned and managed enterprises by providing expansion capital. **Transformer** To facilitate the transformation of enterprises at the ownership, decisionmaking and control levels, and to encourage broader employee ownership.	- Close corporations (CCs) and private (Pty) Ltd companies. Where shareholders are all natural persons (**Generator**) -CCs and (Pty) Ltd companies where directors are involved in operations and where total enterprise value before the investment is between R1million and R10million (**Accelerator**) -Unlisted limited companies, total enterprise value ranges from R10million to R50million (**Transformer**)	p.a. **Accelerator** - Investment ranges from R1million to R3million. -Types of investment are secured debt, convertible debt (convertible to equity at some future date), preferred equity (shareholders get paid dividends before other shareholders), and equity. - Overall Target Fund Returns is 15% - 20% p.a. **Transformer** - Investment ranges from R3million to R10million. In exceptional circumstances this limit may rise to R20million. - Types of investment are secured debt, convertible debt, preferred equity and equity. - Overall Target Fund Returns is more than 20% p.a.
Rural Community and Development	To enable communities to acquire shares (equity) in an income generating project which will result in social upliftment in historically marginalised economic areas.	-Community-based organisations and groups comprising HDPs -Projects with strong social upliftment benefits, which include the creation of new employment opportunities in historically marginalised economic areas. -Projects must be undertaken in conjunction with a partner recognised by the NEF.	-Investment ranges from R2million to R10million, provided in the form of equity funding. -Any financing where the provision of housing is the project outcome are not undertaken.
Industrial Development Corporation (IDC)			
Bridging Finance	The scheme aims at entrepreneurs who have secured firm contracts - except for construction contracts - with government	-Entrepreneurs with an annual turnover greater than R1 million. -Entrepreneurs with a minimum	-Finance is short-term, for a maximum period of 18 months. -Competitive, risk related interest rates are

	and/or the private sector and who have short-term financing needs, and/or guarantees such as performance, suppliers, etc.	financing requirement of R500 000.	based on the prime bank overdraft rate.
Entrepreneurial Mining & Jewellery	To finance small and medium-sized mining and beneficiation activities and jewellery manufacturing activities are aimed at.	Minimum financing requirement is R1 million.	-Medium term finance in the form of loans, suspensive sales, equity and quasi-equity. -Interest rates are competitive and risk related and are based on the prime bank overdraft rate.
Agro-Industries	To finance entrepreneurs in the agricultural, food, beverage and marine sectors wanting to expand and develop their businesses.	Minimum financing requirement is R1 million.	-Medium term finance in the form of loans, suspensive sales, equity and quasi-equity. -Interest rates are competitive and risk related and are based on the prime bank overdraft rate.
Manufacturing Sector	To finance entrepreneurs wishing to develop or expand their manufacturing business and create new or additional capacity.	-A meaningful financing contribution of at least 33 % must be made (10 -20 % for HDPs). -The minimum financing requirement is R1 million.	-Medium term finance in the form of loans, suspensive sales, equity and quasi equity. -Interest rates are competitive and risk related and are based on the prime bank overdraft rate.
Department of Trade and Industry (DTI)			
Small Medium Enterprise Development Programme (SMEDP)	A grant paid to local and foreign investors, starting new or expanding their current operations, based on approved qualifying assets and activities / projects	-Local and foreign investors engaged in manufacturing, high value agricultural projects, agro-processing, aquaculture, biotechnology, technology, tourism, information and communication technology and culture industries. - The proposed project must: ・Be a new project or expansion of an existing project involved in qualifying activities, ・Have investments in qualifying assets, ・Not be for an expansion if the R100 million maximum allowance is exceeded in the investment in	-The Board may support entities with a maximum incentive limit on qualifying assets (including capitalised rent of land and buildings) up to R100 million, although total qualifying assets of the project may exceed R100 million. No support will be considered for an expansion if the R100 million limit is exceeded in the investment in qualifying assets prior to the investment in the expansion. -The grant period is limited to a maximum period of 36 consecutive months, the first two years on approved qualifying assets

		qualifying assets prior to the investment in the expansion, ・Not qualify for both the SMEDP and the Strategic Industrial Projects (SIP), ・Not qualify for both the SMEDP and the Productive Assets Allowance (PAA) under the Motor Industry Development Program (MIDP), where it is a manufacturing project.	and an additional grant for one year, based on the Human Resource Intensity.

Source: Created by UFJ Institute, based on information from web sites of Kula, NEF, IDC and DTI; DTI, t*he dit Group SMME Services 2004*.

ANNEX I-3: Donor Assisted Policy Programmes for Private Sector Development in Tanzania

Donor	Name of Project	National, Region or District	2003/04	2004/05	2005/06	Total
ADF	Small Entrepreneurs Loan Facility Project		2,284.33	1,685.71	1,685.71	5,655.76
Belgium	Small Enterprises	NATIONAL	-	-	-	-
Canada	Meda Micro Credit Project		-	-	-	-
Canada	Support to Saving and Credit Co-operatives		-	-	-	-
Canada	Financial Sector Deepening (FSD)	NATIONAL	-	2,437.14	4,466.67	6,903.81
Canada	Support to BoT	NATIONAL	-	-	-	-
Denmark	BSSP - Business Sector (Institutional Support)	NATIONAL	78.26	-	-	78.26
Denmark	Private Sector Programme for Partnership	NATIONAL	-	1,340.95	-	1,340.95
Denmark	BSSP - Business Sector	NATIONAL	958.23	201.14	221.26	1,380.63
Denmark	BSSP - CRDB Information system		-	-	-	-
Denmark	BSSP - CRDB Microfinance		-	-	-	-
Denmark	BSSP - Fedha Fund		-	-	-	-
Denmark	BSSP - Confederation of Tanzania Ind.		-	-	-	-
Denmark	BSPS II - BEST		320.13	301.71	1,419.73	2,041.58
Denmark	BSPS II - Access to market	NATIONAL	1,576.77	1,072.76	1,327.54	3,977.08
Denmark	BSPS II - Labour market	NATIONAL	1,136.64	2,363.43	2,249.45	5,749.52
Denmark	BSPS II - Commercial Banks	NATIONAL	1,974.84	754.29	995.66	3,724.78
Denmark	BSPS II - Unallocated		-	-	-	-
Denmark	BSPS II - Financial Coordination	NATIONAL	137.90	201.14	221.26	560.30
Denmark	BSPS II - Reviews	NATIONAL	120.48	184.38	202.82	507.68
Denmark	BSSP - Capacity Building MLYDS		-	-	-	-
Denmark	ASPS - PASS Component		(501.30)	-	-	(501.30)
Denmark	BSSP - Trade Union Movement Suppt		-	-	-	-
Denmark	BSSP II - planned		-	-	-	-
DFID	SME Policy Formulation	NATIONAL	-	-	-	-
DFID	Trade and Poverty Programme	NATIONAL	-	-	-	-
DFID	Enabling Env Deregulations - Design		-	1,760.95	1,937.14	3,698.10
DFID	AMKA		-	-	-	-
DFID	LAZER Fund		-	-	-	-
DFID	Marketing Irrigation Pumps		941.14	-	-	941.14
DFID	SEDA		-	-	-	-
DFID	FINCA		-	-	-	-
DFID	Financial Sector Deepening		1,249.52	4,138.62	3,874.46	9,262.60
DFID	Tanzania Investment Partn		-	-	-	-
DFID	Tan Investment Centre		-	-	-	-
DFID	TIOB		107.40	-	-	107.40
DFID	SELFINA		-	-	-	-
DFID	Private Sector Strategy		-	-	-	-
DFID	Akiba Bank		-	-	-	-
DFID	BPED Impact Assessment		-	-	-	-
DFID	Tanzania Enterprise Awards Scheme		-	-	-	-
EU	Support for Economic Integration		380.00	-	-	380.00
Germany	Crafts and Small-scale Enterprise Promotion		-	-	-	-
Netherlands	Economy & Employment Research		-	-	-	-
Netherlands	BEST		2,220.00	360.00	360.00	2,940.00
Netherlands	Mtiibwa Sugar Estate		-	-	-	-
Netherlands	FAIDA SEP		-	-	-	-
Netherlands	Privatization RNE Project assets (PSRC)		-	-	-	-
Netherlands	Private Sector Development Programme / PSD Support Fund		-	-	-	-
Netherlands	PSD LAKE ZONE		-	-	-	-
Netherlands	FAIDA SEP		-	-	-	-
Netherlands	DBPSS JIENDELEZE		-	-	-	-
Netherlands	PSD		-	-	-	-
Netherlands	PSD		-	-	-	-
Netherlands	PSD Ph.2		-	-	-	-
Netherlands	Smallholder Dairy Support Programme		-	-	-	-
Netherlands	DAR PSD Support Fund 2002		-	-	-	-
Netherlands	Macro Interventions / MIT capacity support		-	-	-	-
Netherlands	Expansion Akiba Bank		-	-	-	-
Netherlands	Financial Sector Development Support Fund		-	-	-	-
Netherlands	Monitoring and Socio-Economic Research		-	-	-	-
Netherlands	Poverty Res Interim fund		-	-	-	-
SDC	SME Programme		-	552.38	-	552.38
SDC	Financial Sector Assessment Study		-	-	-	-
Sweden	Private Sector Development (inc BEST)/Min. of Industries and Trade		138.13	1,880.00	1,476.19	3,494.32
Sweden	Private Sector and Capital Markets Development		273.78	402.86	147.62	824.25
UN-UNDP	Assistance-Strengthening Invest & Export		-	-	-	-
UN-UNIDO	Integrated Programme	NATIONAL	-	142.86	-	142.86
USAID	Improved Micro and Small Enterprise Participation in the Economy.	Rukwa, Ruvuma, Mbeya, Iringa, Morogoro, Tanga.	2,243.54	-	-	2,243.54
World Bank	Regional Trade Facilitation	NATIONAL	-	-	-	-
World Bank	Financial Institutions Development Project	NATIONAL	1,124.62	5,342.86	-	6,467.47

Source: created by UFJ Institute, based on information from UNDP Tanzania.

ANNEX II-1: Questionnaire for SME Interview Survey

1. Business Outline

Question	Answer
(1) Company Name	
(2) Address	
(3) TEL	
(4) FAX	
(5) E-mail	
(6) General Manager	
(7) Industry Type	a. Manufacturing, b. Service, c. Construction, d. Transport, e. Agriculture, f. Others
(8) Business/ Products	
(9) Establishment (Month/ Year)	
(10) Registered Capital	
(11) Form of ownership	a. Joint-stock company, b. Individual, c. Foreign-invested company, d. Others
(12) Stock holders Name (Share of stock; %)	
(13) Number of Employees	
(14) Total Assets	

2. Profit and Loss

<table>
<tr><th>Question</th><th>Answer</th></tr>
<tr><td>(1) Trends of Profit and Loss</td><td><table>
<tr><th></th><th>2000</th><th>2001</th><th>2002</th><th>2003</th><th>2004</th></tr>
<tr><td>Sales</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Net Income</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Number of Employees</td><td></td><td></td><td></td><td></td><td></td></tr>
</table></td></tr>
<tr><td>(2) Reasons for Increase (or Decrease) of Sales</td><td></td></tr>
<tr><td>(3) Future Perspective</td><td></td></tr>
</table>

3. Managing Director

Question	Answer
(1) Career	
(2) Examples of some cases of environmental changes/difficulties in your business and how to deal with them	
(3) Strategy and vision for future business expansion	

4. Overall Management

Question	Answer
(1) What is strong point of your	

company? (technology, marketing, strong ability to make plans, etc.)	
(2) Most serious challenges in your business	a. Shortage of human resources, b. Shortage of labors, c. High rate of inferior products, d. Excessive inventory, e. Decrease of sales, f. Increase of costs for purchases, g. Difficulty in financing, h. No access to financial institutions, i. difficulty in collecting account receivable, j. Difficulty in investigating new customers, k. Lack of ability to make business plan, l. Difficulty in expanding customer basis, m. Lack of information on market trends, n. Lack of knowledge on management methodology, o. Other ( )

5. Marketing

Question	Answer
(1) Results of production/sales (unit price, number of sold products) and its reasons	
(2) Situation of Industry (Growing industry? Characteristics of industry, Bright perspective?)	
(3) Troubles in terms of marketing (Internal factors)	a. Ability to collect information, b. Channel for selling, c. Price, d. Development of products, e. Advertisement
a. Ability to collect information	a. Personal connections, b. Own resources, c. Government organizations, d. Trade exhibitions, e. Industry associations, f. Magazines/data bas, g. Others
b. Channel for selling	
c. Price	
d. Development of products	
e. Advertisement	
(4) Troubles in terms of marketing (External factors)	a. Poor infrastructure of information providers, b. Limited marketing channels, c. Insufficient system of favorable tax, d. Inefficient transportation, e. Inefficient custom system, f. High costs for advertisement
a. Poor infrastructure of information providers	
b. Limited marketing channels	
c. Insufficient system of favorable tax	
d. Inefficient transportation	
e. Inefficient custom system	
f. High costs for advertisement	
(5) Marketing Strategy	

6. Manufacturing Technology/ Manufacturing Process

Question	Answer
(1) Production system (receiving-order-system? Mass production of	

small types of products or large number of products types?)	
(2) Outline of equipment	
(3) Production capacity and rate of operation in the factory	
(4) Number of workers (Production per worker)	

7. Finance

Question	Answer
(1) Existence of transaction with financial institutions	a. Yes b. No
(2) <If No to Question (1)>	
(2)-1 Why?	a. No contact because you do not know how to get an access, b. Not necessary because I can use my own capital or borrow money from relatives/friends, c. Lack of collateral, d. Strict credit appraisal at banks, e. Waiting for loan procedures takes long time, f. high interest rates, g. Others ( )
(2)-2 Would you like to borrow from financial institutions?	a. Yes, b. No
(2)-3 <If No> why?	a. Not necessary because I can use my own capital or borrow money from relatives/friends b. Waiting for loan procedures takes long time, c. high interest rates, d. I do not want disclose your financial data, e. Other( )
(3) <If Yes to Question (1)>	
(3)-1 Transacted banks (Branch name)	
(3)-2 When to start the transaction (Month, Year)	
(3)-3 Details of starting the transaction	a. Approach by yourself, b. Approach from the bank, c. Introduction through industry association, etc., d. Introduction by acquaintance, relatives, clients, etc., e. Introduction through publics assistance projects, f. Others ( )
(3)-4Content of transactions	a. Deposits, b. Loans, c. Others ( )
(3)-5 Conditions for loans	
(3)-5-1 Maturity	a. Les than 1 year, b.1-3 year, c. 3-5 year, d. 5-10year, e. more than 10 year
(3)-5-2 Outstanding loans	( )
(3)-5-3 Purpose of loans	a. Equipment, b. Working capital, c. Others ( )
(3)-5-4 Interest rates (%)	
(3)-5-5 Collateral	a. Land, b. Building, c. machinery, d. Others ( )
(3)-5-6 Existence of guarantor	a. Yes, b. No
(3)-5-7Use of credit guarantee	a. Yes, b. No

corporations	
(3)-5-8How long is the term between the loan application to the disbursement	a. Within a week, b. one week to one month, c. one month to 3 months, d. 3 months to 6 months, e.6 months to one year, f. More than one year
(3)-5-9Frequency of contact with the transacted bank	Title of the person in charge of your company ( ) Frequency ( )
**** Use of Credit Guarantee Corporations***	
(1) Use of Credit Guarantee Corporations	a. Yes, b. No
(2) <if No to Question (1)> Why?	a. I do not know the system itself, b. I do not know how to apply, c. I have experienced of being refused, d. It is possible to borrow without using the system, e. High fees for using the system, f. Others ( )
(3) <If Yes to Question (1)>	
(3)-1 Amount of guarantee	( )
(3)-2 Guarantee fees	( ) %
(3)-3 Guarantee maturity	( ) months
(3)-4 Collateral	a. Yes, b. No
(3)-5 Object of collateral	a. Land, b. Building, c. machinery, d. Others ( )
**** Financial Needs***	
(1) Existence of financial demand within a year ahead	a. Yes, b. No
(2) Why?	a. Equipment ( ), b. Working capital
(3) How long loan maturity do you expect?	a. less than one year, b. 1-3 year, c. 3-5 year, d. 5-10 year, e. More than 10
(4) From which financial channel do you want to borrow?	a. Governmental banks, b. Private banks, c. Nonbanks, d. management staffs, e. acquaintance/ relatives, f. Others ( )

8. Human Resource Development

Question	Answer
(1) Average age of employees	
(2) Plan for new employment	
(3) Do you feel the necessity of employment education? If yes, in what kind field is it?	
(4) Have you ever dispatched your employees to outside seminars or whatever?	
(5) What are generally troubles regarding this matter?	

9. IT Application

Question	Answer
(1) Do you make use of IT?	a. Yes, b. No
(2)<if Yes>	
(2)-1 How long have you made use of IT?	a. Less than 6 months, b. 6 months to I year, c. 1-3 year, d. 3-5 year, e. More than 5 year

(2)-2 How do you use IT?	a. E-mail, b. Internet, c. Company’s home page, d. Software for accounting, e. Internet trading
(2)-3 <If you answer (e) to Question (2)-2> What are the purposes?	a. Selling to consumers, b. Selling to companies, c. Purchasing from companies, d. Others ( )
(3)<If No>	
Why?	a. Not necessary, b. High costs for computers, communications, etc., c. I do not know if I should introduce IT system in my business, d. Others ( )

ANNEX II-2: Outline of Interviewed SMEs

South Africa

	Company Name	Industry Type	Products	Establishement Year	Registered Capital (in Rand)	Number of Employees	Total Assets (in Rand)	Annual Sales (in Rand)	Most serious challenges in managing business		Factors of Success
1	Atlas Plastics PTY Ltd	manufacturing	plastic products	1986	10,000	258	15,000,000	64,000,000	b, d, f	* Lack of skilled workers * Difficulty in controlling right level of inventory. Sometimes inventory become excessive. * Increase of cost for purchases and labor	* strong management team with long time experience * expansion and growth with marketing strategy * always looking for new products with strong R & D commitment
2	Khoi Linen and Textile CC	manufacturing	clothing / Linen	1997	N.A.	30	N.A.	1,100,000	l, o	* Difficulty in increase of cusomer base and finding out the right marketing strategy * Keeping financial sustainability without counting on external financial sources.	* strong marketing and solid customer base concentrating on government * firm commitment and pursuit of good customer service * nationwide distribution network established by themselves
3	RSA Knitting (Sharoc)	manufacturing	corporate clothing manufacturer	1999	N.A.	104	N.A.	8,000,000	g, o	* Difficulty in financing due to stringent bank requirements * Maintaining quality of products and constant training of production workers	* investment in good production facility * focusing on higher-end customer by products made to order * purchase strategy to import cheaper and plain garments
4	Mjita Trading Company CC	manufacturing	textiles / cushions / woodwork	1991	N.A.	3	N.A.	1,800,000	g, l	* Bank loans are difficult to avail of because of lack of collateral * Expanding customer base requires lots of marketing efforts in competition with bigger and established companies.	* strong commitment to quality of products with strict selection of raw materials * Creative products in design and concept which appeal to customers * Outstanding entrepreneurship of the founder with commitment to customer service
5	Z.A. Zen Marketing & Consulting	trading	crafts	2002	230,000	1	230,000	360,000	b, d, f, i	* Due to union problem, employees left the company and vacant positions are not filled. Thus, some production machines are left unused. * Inventory are excessive and need proper control. * Production cost is high to compete with cheaper Chinese goods. * Government customer delays in payment, which affects cash flow of the company.	* Founder's excellent entrepreneurship and experience in marketing field * Corporate planning ability and vision for the future * Knowledge and information on oversees market especially Japan
6	Fab Channel Tembisa	grocery store	grocery	1997	20,000		N.A.	5,840,000	e, g, ll	* Sales are decreasing facing competition from China. * Financing is difficult to obtain. * Managing delayed account receivable is a challenge and difficult	* challenging spirit of the owner/founder to be successful * diligence and commitment to keep the store always very clean * choice of location to be in the middle of township
7	Fab Channel Soweto	grocery store	grocery	1993	N.A.	6	N.A.	1,095,000	o	* Although the company has been growing steadily, finding appropriate markets is alwyas a challenge.	* challenging spirit of the owner/founder to be successful * diligence and commitment to keep the store always very clean * choice of location to be in the middle of township
8	Fab Channel Katlehong	grocery store	grocery	2004	10,000	5	N.A.	120,000	j	* It is difficult to make research on new market especially foreign.	* owner/founder's entrepreneurship with experience of running a liquar shop * diligence and commitment to keep the store always very clean
9	Xlact Design CC	design, manufacturing, school	N.A.	N.A.	N.A.	2 +Part-timers	N.A.	18,000	f, g, h	* Purchase cost is increasing * Bank loans are difficult to obtain due to high interest rate and other requirements.	* marketing strategy to focus on design * Added value with training video and DVD * Founders' expertise and experience as fashion designer * easy and well tought-out manual attached to their product * added creativity with patent registration * unique product "The Xlact Design Patternmaker"
10	Tshidi Vera Fashions	manufacturing	clothing						g	* Bank loans are difficult to obtain due to high interest rate and other requirements.	* founder's extraordinary fasion sense as former actress and broadcaster * marketing strategy to focus on wedding dress market * good quality control and training in production area
11	Segamont and Momat	trading	handicrafts	1996	N.A.	3	N.A.	N.A.	f	* Purchase cost is increasing	* Focus on corporate clinets with solid marketing efforts * pursuit of niche market of ethnic gifts for customers who appreciate things African
12	Jan's Electronics	manufacturing	audio	1999	N.A.	5	63,000	194,800	g,	*difficulty in financing	*good customer service esp. follow-up service by telephone
14	Lolo's Guest House	service	tourism	2002	N.A.	5 + 10 part-timers	1,000,000	200,000	a, g, m	*There is shortage of human resources due to low salary which company is able to pay *Hard to get assistance from banks	*Employees entertain customers by explaining African foods and culture
15	TAJ' BaB, Restaurant & Tavern	service	accomodation	2003	N.A.	4	400,000	22,000	g, l, m, n	*Difficulty in financing *Difficulty in expanding customer base *Information on market trend is hard to get * Also, lack of management knowledge and methodology	*good customer service with hospitality and nice cooking
16	Mookho's	service	accomodation	2003	N.A.	1	600,000	19,000	g, m	*Difficulty in financing *Information on market trend is hard to get	*good food served *good operation management * nice hospitality
17	Mr. Biscuit	manufacturing	biscuits	1997	385,000	9	900,000	1,500,000			*good delivery(quality, quantity, timing)
18	Fabric & Lines	retail	textile fabric	1997	N.A.	2	180,000	258,000	d	*excess inventory *nobody gives good advice about financing	
19	COMP MOUSE	service	computer	2002	N.A.	2	30,000	150,000	a, g, i, l	*Shortage of human resources *Collection is difficult. Experienced past due account receivables. *Due to high advertisement cost, difficult to expand customer base	*pursuit of good 'after-care' services to customers *good explanation to customers
20	Lenco Panel & Paint	manufacturing / service	N.A.	1993	1,064	15 + 2 owners	3 - 4,000,000	3,100,000	o	*Strict labor law from the viewpoint of management. The right of labor is too strong and protected. Management has to pay to insufficiently-skilled labors.	
21	Desire' Lingerie Co.	manufacturing	underclothing	1984	N.A.	120	12,000,000	12,000,000	o	*Strict labor law *Competition with imports from China	*good product quality *quick delivery *good 'after-care' services to customers
22	Kens Auto Repairs	service	Auto Repair	1999	N.A.	7	1,000,000	1,000,000			*Receiving calls from customers for 24 hours for repair services

Uganda

	Company Name	Industry Type	Products	Establishement Year	Registered Capital (USD)	Number of Employees	Total Assets (USD)	Annual Sales (USD)	Most serious challenges in manageing business		Factors of Success
1	St. Christian Graphics Ltd.	manufacturing	printing	1994	10,000	12	100,000	120,000	a, c, g	* Lack of skilled workers, and no traing courses for the industry in Uganda * Medioum-to long-term bank loans for purchasing new machinery are difficult to get	* Strong management ability of MD based on his experiences as a commercial banker * Focusing on the situation that there were a few printing companies which can supply for domestic companies * Growing market in accordance with the growing domestic industry
2	Nina Interiors Ltd.	manufacturing/ retailing	furnuture/ imported furniture	1999	60,000	49	940,000	1,470,000	d, g, l, h	* Excessive inventory: stocks = 4 month sales * Long collection period. embassies 30 days, banks 30-60 days, government 150-180 days * Heavy burden from high interest rate of 21.5% for short-term bank loans	* Good point to which the founder has directed her attention * Strong marketing ability and good care of good customers such as Seroton Hotel, embassies. * Well-trained successor who learned management and design in London
3	KWERA Ltd.	manufacturing	uniform	1991	6,000	90	N.A.	411,000	c, d, o	* "Zero error" movement has been tried to realize * Need to facilitae genrator because of poor availability of electricity * Small order causes excessive inventories	* Target uniforms and have good customers such as Seraton Hotel, SHELL, MTN, schools, etc. * Cope with the customers' request of high quality and small order * High profitability caused from the special and small order
4	Safi Cleaning Services Ltd.	service	office cleaning	1994	6,000	392	N.A.	58,000	g, o	* Loans are difficult to get because of lack of collateral * Difficulty in managing a lot of labors under the remote control	* Find the new market of outsourcing business * Founder's guts to start up business after having left her school without completing the course * Good quality of service generated from the good management of labours
5	Afro-Kai Ltd.	manufacturing	seeds	1984	N.A.	59	N.A.	4,500,000	a, g, o	* Difficult to get loans because of high interest rates * Need continuous investments for targeting overseas market	* Investments into R&D for responding to overseas market needs * Shift to export-oriented business * Has built a strong network with 700 farmers and its thousands of tenant farmers all over Uganda
6	Kampala Jellitone Suppliers Ltd.	manufacturing	instant coffee, bread, bricks	1976	5	81	25,000	40,000	a, o	* Not sufficient availability of electricity * Environmental problems caused from draining and waste	* Unique marketing strategy of focusing on the consumers in lower income class * stable and independent management caused from self-financing by MD
7	John Lugendo & Company Ltd.	manufacturing	machine processing	1962	N.A.	15	N.A.	18,000	a, g	* Job-hopping of skilled workers * Despite of necessity of investment, loans are impossible to get from banks	* Wide variety of machinery/ works (welder, cutting, shaver, bender, etc.) is convenient for customers * Skilled workers though the on the job training
8	Bulenya Estate Ltd.	agriculture	coffee	1998	N.A.	20	N.A.	15,000	l, o	* Potential new customers would request a bigger order at once, and it would be needed to expand the production capacity more to newly get a contract with those new customers * Difficulty in drying process in the rainy season	* Started to shift to enterprise from agricultural business * Coffee association's good consultation on investment
9	Hotel Africana Ltd.	service	hotel	1986	N.A.	190	N.A.	2,800,000	o	* Continuous invest ment is needed for attracting good foreign customers	* Strong management generated from MD's experienses in successful retailing business of imported second hand cars * Obtained seed money from successful business of car retailing * Has good costomers from foreign countries * "Customer first" spirit has been penetrated into the staffs of the company
10	LWEZA Clays Ltd.	manufacturing	bricks	1985	600	100	N.A.	N.A.	c, d	* Never-end challenge for decreasing inferior product rate * Excessive inventory caused from bad balance of each production process	* Strong demand from houisng industry * Cost competitiveness in the local market * Good control decrease the inferior rates in the production line
11	Kadic Hospital Bukoto Ltd.	others	hospital	1975	N.A.	20	N.A.	N.A.	o	* Difficulty in procuring necessary equippment because of costy loans and leasing	* Close relationship with neighbouring residents * Small number of hospitals (30) and beds (3,000) in Uganda has not met the people's expectation in Uganda

Ghana

	Company Name	Industry Type	Products	Establsihement Year	Registered Capital (in Cedis)	Number of Employees	Total Assets (in Cedis)	Annual Sales (in Cedis)	Most serious challenges in manageing business		Factors of Success
1	Edinam Ventures (Batik)	manufacturing	batik	1996 (registered in 2001)	N.A.	5	N.A.	144,000,000	a,o	* Experiencing shortage of human resources for production increase especially before Christmas season. * Production cost became relatively higher to compete with cheap imported goods imported from China	* strong committment to quality of products * production management to be on time
2	Pastel Food Products Ltd	manufacturing	spices	1995	N.A.	3	50,000,000	22,300,000	f, l	* Experiencing increase of costs for purchase due to price fluctuation of raw materials. * For small enterprise, expanding cutomer base is difficult in competition with big food processing companies.	* good ability of founder to make business plan * expansion of product line, now ranging five products * good training of employees in the area of food processing at Food Research Institute
3	Elsa Foods Ltd	manufacturing	dehydrated Foods	1994	790,000,000	30	837,000,000	645,000,000	f, g, h, l	* Purchase cost fluctuates due to seasonality of raw materials. * Expanding cutomer base is difficult due to high advertisement cost for both domestic and overseas market. * Financing is difficult due to high interest rate.Access to financial institution is limited.	* well trained production manager who has master's degree in food proceesing * experinced human resources
4	Processed Foods & Spices Ltd	manufacturing	pepper / Jam /fruit juice	1991	80,000,000	16	1,200,000,000	1,100,000,000	g, i	* Additional financing from banks are difficult to obtain. * Collection of account receivables are sometimes delayed due to customer's financial situation.	* excellent quality of products * strong brand name established in the market
5	Peace Furniture Ltd	manufacturing	funiture	1998	20,000,000	3 (+5 in apprenticeship)	41,000,000	32,000,000	g, h	* It is difficult to obtain more loans in addition to existing one. * Additional financing is needed for showroom and land.	* strict selection criteria of raw material, always looking for the best woods * strong committment to product quality and training of productioin staff
6	Hemsys	manufacturing / service	clothing	1991	N.A.	7	N.A.	36,000,000	a, b, e, f, g, i, j, k, l	* There exist multiple mamagemant challenges including lack of human resources and labors, decrease of sales, incrase of cost for purchase, difficulty in financing.. *Collection is sometimes delayed including individual customers. There are some over due accounts receivables. *It is difficult to investigate market and new customers. Ability to make business plan is lacking. It is difficult to expand customer base.	* Experience and good designing sense of the founder who was formerly an graphic artist * established personal relationship with customers * pursuit of quality
7	Yoofi's Pharmacy Limited	manufacturing	nutritional iron / expectorant	1983	N.A.	6	N.A.	500,000,000	g, k	* Difficulty in financing. Needs working capital to purchase raw material and bottles to be imported. Banks do not understand the needs and nature of small business. * Lack of ability to make business plans. It is expensive to hire consultants for making business plans.	* long experience of the founder in pharmacy as a former hospital pharmacist and medical representative at a pharmaceutical firm * wide knowledge and network established in the pharmaceutical industry * strong R & D and excellent quality of products
8	Jam Enterprises Ltd	manufacturing	cosmestics	1999	50,000	10	170,000,000	612,000,000	g, h	* Normally there are not adequate financial resources. Commercial banks are difficult to approach.	* strong ability to make business plans * marketing strategy to grasp the needs of consumers
9	Premium African Textiles Co Ltd	distribution	clothing	N.A.	3,300,000,000	200	N.A.	253,000,000,000	e	* Sales is decreasing due to unfair practice in the market, namely, smuggled products and copied goods from China	* wide and established distribution network nationwide * well-known and established brand name 'GTP' and 'Woodin'
10	Nkulenu Industries Ltd	manufacturing	bottling and canning of African Foods	1942	13,000,000	50	147,000,000	2,913,800,000	g, m	* difficulty in financing for working capital and equipment * Market information is not available enough, for instance, import situation in Japan of similar products, competitor information, etc. in the foreign market for possible expansion in the future	* Unique and diversified product line * High quality of produc fit to consumer tastes * Captured African population in overseas market especially in Europe * Established brand name over the years * First company in Ghana whichmanufactured palm drink as commercial product
11	Betdove Enterprise	manufacturing	shirts	1983	N.A.	20	N.A.	10,000,000,000	g	* difficulty in financing for working capital needs	* wide targeting of customers; men and women, lower-end to higher-end * good designing of product
12	Athena Foods Limited	manufacturing	Natural Fruit juices	1989	N.A.	100 (55 regular + 45 seasonal)	N.A.	1,520,000	a, g	* shortage of qualified human resources in production, administration, finance and accounting * difficulty in financing	* Strong leadership and committment of the founder to compete in the global market * Pursuit of global standard in quality, safety and competitive pricing * Business experience of the founder in Geneal Foods and Craft, a US food manufacturer
13	Ghandour Cosmetics Ltd	manufacturing	N.A.	1996	563,000US$	150	N.A.	34,000,000,000	a, f	* lack of skilled technicians in the production field * lack of related raw materials, such as container of cosmetics, in Ghana	* Diversification of product line which are competitive in the market * Strong financial position with abundant cash * Business experience of the founder in cosmetic industry for ten years before starting own business

Nigeria

	Company Name	Industry Type	Products	Establishement Year	Registered Capital (In Mil Nairas)	Number of Employees	Total Assets (In Mil Nairas)	Annual Sales (In Mil Niras)	Most serious challenges in manageing business		Factors of Success
1	Rehoboth Agro-Allied Ventures	manufacturing	food	2002	N.A.	5	3.0	N.A.	g, i	* Abondoned purchasing a mechinery for packaging because of limited finance. * Some dealers do not par within 30 days, and it sometimes must wait. Specially, January is the month for many mothers and small retailers have difficulty in paying account receivable bacause they mush pay for school fee and tax in this month.	* Business planning * Solid educational background
2	Main Spring Ltd.	manufacturing	soap	1999	N.A.	10	N.A.	N.A.	e, f, g, h, i, l, m, o	* Quite high competition with cheaper imported goods from China. * Not well mechanization.	* Good knowledge of actual market and industry.
3	Spectra Nigeria Ltd.	manufacturing	cocoa drink, pineapple juice, soy bean flower, corn plake	2002	N.A.	40	N.A.	N.A.	g, h, o	* Use only second hand machines. * No access to financial institutions. * Instable electricity.	* Good quality of products. * Strong marketing.
4	Family Food Ltd.	manufacturing	bread, cookie, beef roles	N.A.	N.A.	40	N.A.	N.A.	o	* Instable electricity and water supply.	* Small family buisness.
5	Eghiemai Industries Ltd. (Miller's)	manufacturing	icing suger, yam flower, brown suger, baking powder	1986	10.0	60	38.0	132.0	f, g	* The pluctuating price of Imported material, and huge stock of about 6 months. * Unstable electricity supply.	* High quality products. * Good marketing strategy. * Traning for the employees by making use of a governmental incubation facility and technical advisory services of a university.
6	More Foods (Cerolina)	manufacturing	soybean flower	1995	N.A.	36	60.0	24.0	f, g, h, l	* Increased costs of material. * Difficulty in financing. * Difficulty in collecting account receivable	* Manager's technical expertise. * Conducted training for staffs.
7	Bennett Industries Ltd.	manufacturing	light fitting, highway light, emergency light	1982	10.0	45	195.0	89.0	c, g, h	* High competition with cheaper chinese products. * Difficulty in financing. Bank loan maturity is up to 6 month, and the interest rates are 25-30%.	* Good business concept focusing on light fitting. * Strong ability to make business plans. * Business collaboration with a Malaysian conpany for producing highway light.
8	Standard Brothers Ltd.	manufacturing	office furniture, desk for school, bed for hospital	1993	0.1	42	20.0	70.0	c, f, g, h	* High rate of inferior products. * Increased costs for materials. * Difficulty in financing. * Unstable electricity.	* Focused on new products that the people of Nigeria want.
9	Johnson Products of Nigeria Ltd.	manufacturing	hair cream, hair care products, hotel amenities	1974	10.0	90	244.0	105.0	g, i	* Difficulty in financing and collecting account receivable.	* High quality and strong brand power.
10	Lydin Ltd.	manufacturing	portable water	1986	10.0	45	17.5	45.0	f, l, o	* Decreasing market share by increasing cometition. * Increasing costs for material. * Difficulty in collecting account receivable.	* Fucused on the potential market needs. When started business, the company was on the secnd largest in domestic market.
11	Three Points Industry Ltd.	manufacturing	insectiside	2000	10.0	26	10.5	82.5	f, g	* Increased costs of material. * Difficulty in financing. * Unstable electricity supply.	* Good business concept focusing on insecticide.
12	Produce Extract Ltd.	manufacturing	yogurt drink, juice, food package	1986	0.1	65	20.0	80.0	g, h, i	* Difficulty in financing for investment and collecting account receivable. * Poor roads and electricity supply.	* Good technical expertise.
13	Soulmate Industries Ltd.	manufacturing	hair cream, hair liquid shampoo, skin care cosmetic	1992	0.1	83	N.A.	408.0	c, e, f, h, l	* Problems in manufacturing, marketing, financing, etc. * Heavy inventory and fluctuaing price of materials. * Unstable electricity.	* Good quality of products. * Strong marketing.
14	Merit Resources Ltd.	manufacturing	daily products, beverage, plastic products for food packaging	1998	1.0	132	65.0	258.0	c, g, h, m	* High rate of inferior products. * Difficulty in financing. * Lack of infromation on market trend. * nstable electricity even in the governmental SME industry zone.	* Increasing market. * High quality and strogn marketing.
15	Polyurethane Manufacturing Ltd.	manufacturing	polyurethane fabric	1989	N.A.	10	0.1	150.0	e, g, h	* Decrease of sales. * Difficulty in financing and getting access to banks. * Poor availability of electricity sometimes makes the factory stopped.	* Good technical expertise, and responded wide range of customers' needs.
16	Afrotec Industries Ltd.	manufacturing	PVC pipe, pipe fitting	2001	50.0	45	127.0	72.0	c, g, i, n	* No availability of electricity for the recent 3 month, and cannot make the new introducing PVC machine. * Difficulty in financing. * Lack of management methodology.	* Talented manager who has good challenging spirit and MBA.
17	Dalite Ventures Ltd.	manufacturing	ink, pre press chemical, gross overprint varnishes	N.A.	N.A.	5	2.0	3.5	c, e, f, h, k, m	* Has to compete with cheaper Korean and Chinese products. * Shortage of working capital. * Lack of ability to make business plans, and difficult in getting loans form banks.	* Experiences of working at England company of the same type of industry. * Good human resources management.
18	Dor Davy Nigeria Ltd.	manufacturing	palm wine	1987	0.1	7	3.5	1.9	f, g, h, l	* Difficulty in financing. * Difficulty in expanding customer basis, due partly to limited budgets for advertisement.	* High quality.
19	Start Auto Industries Ltd.	manufacturing	auto parts	1991	20.0	104	120.0	110.0	c, e, f, g	* Difficulty in all field fo managemnet including selling, purchasing, producing, financing, etc. * Unstable electricity. All 3 generators have been broken down.	

Cameroon

	Company Name	Industry Type	Products	Establsihement Year	Registered Capital (in Mil CFA)	Number of Employees	Total Assets (in Mil CFA)	Annual Sales (in Mil CFA)	Most serious challenges in manageing business		Factors of Success
1	Blaz Design Management	manufacturing	fashion designed clothes, military uniform	2002	10.0	15 and 70 temporary seasonal workers	1,000.0	300.0	g, h	* Difficulty in financing and collecting account receivable.	* Experinces of working at manufacturer of famous designer's brand. * French design for the consumers who want western design. * Strong marketing.
2	STRACEL	manufacturing	paper napkins, kichen paper towel, paper towel, sanitary napkins, copy paper, exercise book, egg case	1978	989.5	140	N.A.	N.A.	c, f, g, h. I	* Difficulty in almost all business field including financing and manufacturing.	* Manager who works hard. * Focused on potential market. The company monopolyed the market a few years ago.
3	Camlait S.A.	manufacturing	yogurt drink, milk, milk products, soy milk, soy products, PVC food container/ PVC tubes & pipes	1972	450.0	200	1,000.0	3,500.0	g	* Difficulty in financing. * Unsatble water supply.	* Much experiences in this industry. * Leading position in this industry.
4	Buetec Broderies	manufacturing	stitch, label	1998	130.0	24	400.0	500.0	e, g, I	* Decreased sales. * Difficulty in financing and collecting account receivable.	* Manager studied abroad in Germany and got married with german lady. * Assistance by wife's parenets in financing and capital raising.
5	Group Yvy	manufacturing	auto cture, preta porte, cloth	1987	1.0	15	55.0	N.A.	c, g	* Has to compete with imitation copy of the company's prducts. * Shortage of working capital. * Old machines only.	* Studied in France. * Design of african and western taste.
6	Complexe Industriel du Futur	manufacturing	metal items, saw wheel, cylinder, recycle auto parts	2004	5.0	40	N.A.	N.A.	g.	* Difficulty in financing.	* Quality of products based on manager's technical expertise.
7	Metal Services	manufacturing	tank, iron pipe, cast	1999	122.0	7	N.A.	900.0	f, h, n	* Increased costs for raw materials. * No access to financial institutions. * Lack of management methodology.	* Manager's technical expertise. * Good marketing policy.
8	International Business Corporation S.A.	trading/ importing	iron and metal, bulb for oil pipe, steel pipe for oil	1992	400.0	45	40.0	1,080.0	g,h, o	* Difficulty in financing because of no access to banks. * Export is key because domestic market is limited.	* Good services and supporting capacity for customers.
9	AUBAC S.A.	manufacturing	roof sheet, nail, iron and steel resales	1986	150.0	55	480.0	255.0	c, g, h	* High rate of inetrior products. * Difficulty in financing because of no access to banks.	* Manager's technoca expertise.
10	Ste AMD Sarl	trading	stell pipe, steel plate, iron products	1990	10.0	50	400.0	200.0	None	None	* Strong marketing.
11	SAFCA - Insecticides	manufacturing	insecticides	1970	850.0	140	3,500.0	5,000.0	c, e, g, h	* High rate of inetrior products. * Decrease of sales becasue of high competition with cheaper Chinese products. * Difficulty in financing because of no access to banks.	* Strong marketing. * Experiences of doing verious types of buisness (The manager has more than 20 companies.)
12	SIPLAST	manufacturing	plastic bags, shoes, pots, bowl	1990	906.0	150	3,000.0	2,276.0	c, e, f	* High rate of inferior products. * Decrease of sales, bevause of competing with cheaper Chinese products. * Increase of costs for materials.	* High quality of products and good price.

Note: In the column of "Most serious challenges in managing business", a. Shortage of human resources, b. Shortage of labors, c. High rate of inferior products, d. Excessive inventory, e. Decrease of sales, f. Increase of costs for purchases, g. Difficulty in financing, h. No access to financial institutions, i. difficulty in collecting account receivable, j. Difficulty in investigating new customers, k. Lack of ability to make business plan, i. Difficulty in expanding customer basis, m. Lack of information on market trends, n. Lack of knowledge on management methodology, o. Other.

ANNEX II-3: Challenges of Interviewed SMEs (Examples; Tanzania and Uganda)

Tanzania

Source: JICA Study Team, Feb 2005

Accounting Items	Items related to Business Risks
Ⅰ. Sales	■ Strong economic growth: 5.7% in 2001, 6.2% in 2002, 6.3% in 2003. Agriculture accounts for 50% of GDP and 80% of employments in Tanzania. ■ Small domestic market and low income (Per capita income is 378 USD in 2003). ■ Relatively small unit price of selling. There are two strategic options of marketing: (1) focuscing on rich customers, (2) shift to export-oriented busines ■ Political stability after the centrally planned economy (1967-1985). ■ Saftyness for operating business. ■ Distribution and sales channels are mainly agents/distributors and wholesalers. Most retailers have small retail shops, which sepecialize in one type o
Ⅱ. Manufacturing costs	
Expenses for material	■ Poor availability of necessary materials/components
Expenses for outsourcing	■ Underdevelopped supporting industry
Labour expenses	■ Average wage for workers in Dar es Salaam is USD 50-120. Employers must contribute an amount equal to 10% of the employee's gross salary to the National Social Security Fund (NSSF). (Employee's contribu ■ Being able to get young workers ■ A few cases of walkout/strike (Labor unions are not strong) ■ Education and training are required for employees and it takes time. ■ Frequent job-hopping
Other expenses	■ High cost of of electricity ■ High costs for transportation including air, sea and rail. This is because Tanzania's infrastructure is poor. The government promotes investments in road sector infrastructure, as the road network is absorutly essential to promoting rural development and poverty alleviation.
Ⅲ. General/administrative costs	
Personnel expenses	■ Difficult to get traing staff in charge of book-keeping/accounting ■ Cheaper wages
Others	■ Corruption does not have a significnt impant on SME business. ■ Difficult to get the access to overseas market, and it would be costly for SMEs. ■ Long-distance telephone service is expensive. ■ High administrative costs for getting permits (e.g. custome service at port entry, Tanzania Tax Authority)
Ⅳ. Non-operational profits/losses	■ Heavy burden of interest payment
Ⅴ. Special profits/losses	
Corporate taxes	■ Prefferencial tax system for companies in industrial zones
	■ Signed the East african customs Union (EACU) in March 2004, which will remove internal tariffs and harmonize external duties.
Net profits	
Net profits which is not used	
Used amount of net profits	
Dividend	■ Low dividend rate: The general mentality is to put some profits into investment instead of dividend. MDs of SMEs tend to have medium-to ling-term startegic thinking.
Assets	
Current assets	
Cash and deposits	■ 100% cash business
Account receivable	■ Collection shold be conducted with caution to ensure the payment in Tanzania.
Stocks	■ Excessive stocks impose heavy costs on SMEs. Space costs, interest payment, etc.
Others	
Non-current assets	
Land	■ Land Law guarantees the right to private ownership and establsihment in Tanzania.
Building	
Machenery, equipment	
Others	■ An updated intellectual property right law, confirming to internationla copyright and property rights conventions, was passed in 1999. However, intellectual property right are not enforced yet.
Liabilities	
Current liabilities	
Account payable	
Short-term loans	
Others	
Non-current liabilities	
Long-term loans	■ Recovering banking sector, but difficult to get long-term loans for SMEs ■ Loans from managing director is common.
Corporate bonds	■ Impossible to issue for SMEs
Capital	
Registered capital	
Accumulated earnings	
Total assets	

Uganda

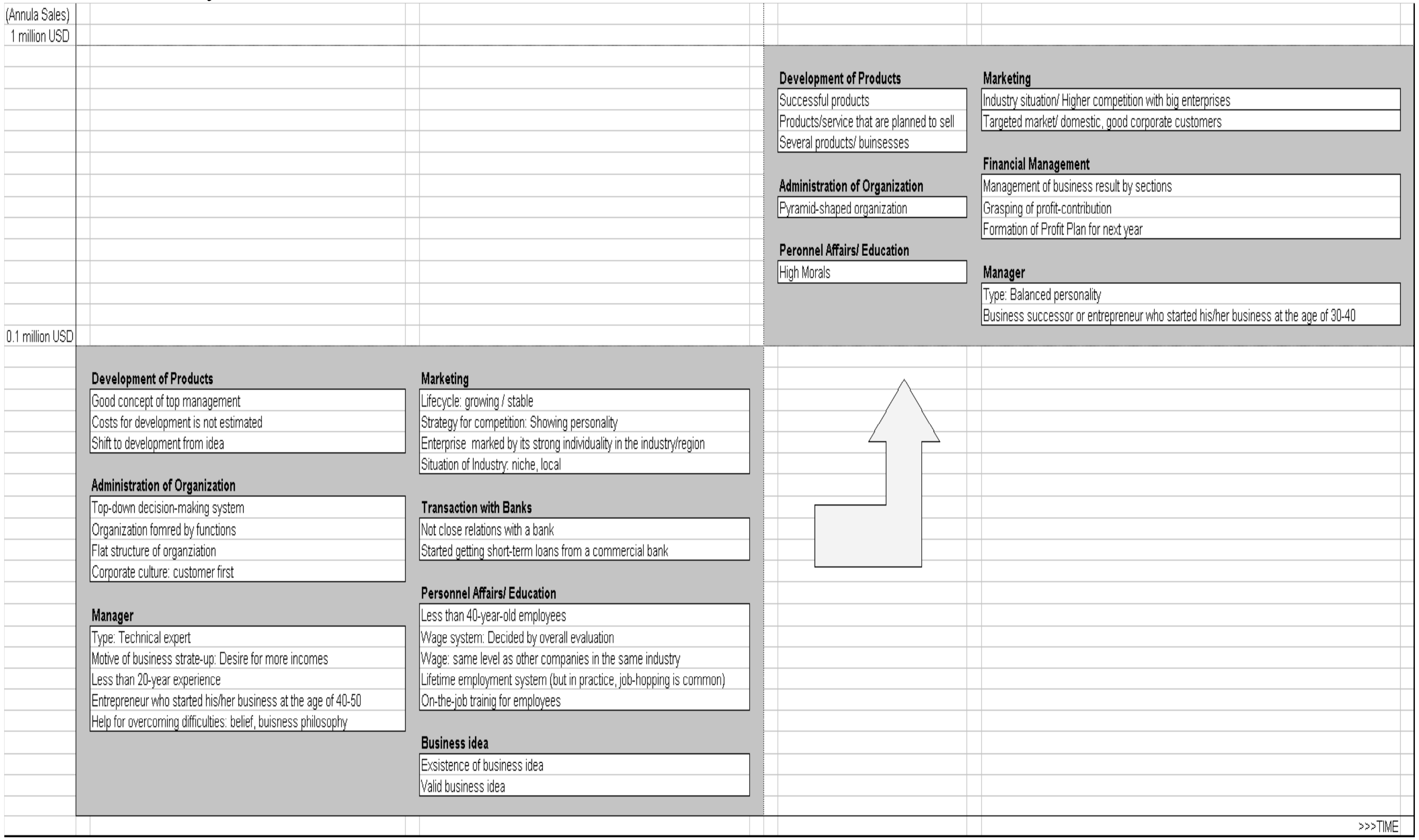
Source: JICA Study Team, Feb 2005

Accounting Items	***Items related to Business Risks***
Ⅰ. Sales	
	■ A success story in Sub-Sahara Africa: 5% economic growth.
	■ Small domestic market and low income (Per capita income is 320 USD in 2003).
	■ Relatively small unit price of selling. There are only two strategic options of marketing: (1) focuscing on rich customers, (2) shift to export-oriented bus
	■ 20 year of political stability.
	■ Saftyness for operating business: Uganda is a safe place,comparing to other African countries.
	■ Productes are generally distributed through small wholesalers, who sell products to smaller shopkeepers.
Ⅱ. Manufacturing costs	
Expenses for material	■ Poor availability of necessary materials/components
Expenses for outsourcing	■ Underdevelopped supporting industry
Labour expenses	■ Cheaper wages: Average wage for workers in Kampala is USD 60-100. Labor cost rate to sales is 5-15% for interviewed SMEs.
	Employers must contribute an amount equal to 10% of the employee's gross salary to the National Social Security Fund (NSSF). (Employee's contribu
	■ Being able to get young workers
	■ A few cases of walkout/strike (Labor unions are not strong)
	■ Honest, but slow work. Education and skil level is low. Training are required and takes time.
	■ Frequent job-hopping
Other expenses	■ Poor availability of electricity make SMEs facilitate generator by themselves
	■ High costs for transportation including air, sea and rail. No harbor facilities. Need to get access to the port in Tanzania.
Ⅲ. General/administrative costs	
Personnel expenses	■ Difficult to get chief accountant and traing staff in charge of book-keeping/accounting
	■ Cheaper wages
Others	■ Frequesnt bribe/kick-back, but it is not a significant obstacle for doing business
	■ Difficult to get the access to overseas market, and it would be costly for SMEs.
	■ Long-distance telephone service is expensive.
	■ High administrative costs for getting permits (e.g. customes department, Uganda Revenue Authority)
Ⅳ. Non-operational profits/losses	■ Heavy burden of interest payment, interest rates for short-term loans is 15-20 %/yr.
Ⅴ. Special profits/losses	
Corporate taxes	■ Prefferencial tax system for companies in industrial zones
	■ No free ports or trade zones in Uganda
	■ Signed the East african customs Union (EACU) in March 2004, which will remove internal tariffs and harmonize external duties.
Net profits	
Net profits which is not used	
Used amount of net profits	
Dividend	■ Low dividend rate: The general mentality is to put some profits into investment instead of dividend.
	MDs of SMEs tend to have medium-to ling-term startegic thinking.
Assets	
Current assets	
Cash and deposits	■ 100% cash business
Account receivable	■ High risks of collection and long-term collecting period
Stocks	■ Excessive stocks impose heavy costs on SMEs. Space costs, interest payment, etc.
Others	
Non-current assets	
Land	■ Right to private ownership of land was identified in the Land Act 1998.
Building	
Machenery, equipment	
Others	■ Register of patents awards patents for an initial period of 15 years, with a possible five-year extension if a request is made one month before expiry of
Liabilities	
Current liabilities	
Account payable	
Short-term loans	
Others	
Non-current liabilities	
Long-term loans	■ Recovering banking sector, but difficult to get long-term loans for SMEs
	■ Loans from managing director is common.
Corporate bonds	■ Impossible to issue for SMEs
Capital	
Registered capital	
Accumulated earnings	
Total assets	

ANNEX II-4: Management Characteristics of Successful SMEs (Examples; Tanzania and Uganda)

Tanzania

Source: JICA Study Team, Feb 2005



Uganda

Source: JICA Study Team, Feb 2005

(Annula Sales)

3 million USD

Markething
- Being designated
- High share/ Leader in the region
- Targeted market: Overseas market
- Market Scale: 1 billion USD or more

Financial Management
- Long-term Business Plan

Administartion of Organization
- Company system
- Measurement of profit-contribution

Manager
- Recognition of high quality power
- Type: Strategic way of thinking and being good at figures
- Turning point of business start-up: self-condidence of technique/service
- More than 20 year-experiences since business start-up

0.5 million USD

Development of Products
- Successful products/ services
- New products/service that plan to sell
- Several products/ buinsesses

Administration of Organization
- Pyramid-shaped organization

Peronnel Affairs/ Education
- High Morals

Marketing
- Industry Situation/ Higher competition with big enterprises
- Targeted market/ domestic, rich customers

Financial Management
- Management of business result by sections
- Grasping of profit-contribution
- Formation of Profit Plan for next year

Manager
- Type: Balanced personality
- Business successor or entrepreneur who started his/her business at the age of 20-30

Development of Products
- Good concept of top management
- Costs for development is not estimated
- Shift to development from idea

Administration of Organization
- Top-down decision-making system
- Organization fomred by functions
- Flat structure of organziation
- Corporate culture: customer first

Manager
- Type: Technical expert
- Motive of business strate-up: Desire for more incomes
- Less than 20-year experience
- Entrepreneur who started his/her business at the age of 30-40
- Help for overcoming difficulties: belief, buisness philosophy

Marketing
- Lifecycle: growing period
- Strategy for competition: Showing personality
- Enterprise: marked by its strong individuality in the industry/region
- Situation of Industry: niche, local

Transaction with Banks
- Transacted banks: not changed
- Exsistence of "main bank"

Personnel Affairs/ Education
- Less than 40-year-old employees
- Wage system: Decided by overall evaluation
- Wage: same level as other companies in the same industry
- Similar system as lifetime employment system
- Trainig for employees

Business idea
- Existence of business idea
- Valid business idea

>>>TIME

ANNEX III-1: Comparison of Investment Environments

		South Africa	Tanzania	Uganda	Ghana	Nigeria	Cameroon
Starting business	Number of procedures	9	13	17	12	10	12
	Time (days)	38	35	36	85	44	37
	Cost (% of income per capita)	9.1	186.9	131.3	87.5	95.2	182.5
	Minimum capital (% of income per capita)	0.0	6.8	0.0	31.4	59.4	232.0
Hiring and firing workers	Difficulty of hiring index	56	56	0	11	22	61
	Rigidity of hours index	40	80	20	40	80	80
	Difficulty of hours index	60	60	0	50	30	80
	Rigidity of employment index	52	65	7	34	44	74
	Firing cost (weeks)	38	38	12	25	13	46
Registering property	Number of procedures	6	12	8	7	21	5
	Time (days)	20	61	48	382	274	93
	Cost (% of property value)	11.3	12.6	5.5	4.1	27.2	18.8
Getting credit	Cost to create collateral (% of income per capita)	2.3	21.3	11.9	37.9	20.7	87.6
	Legal rights of borrowers and lenders	6	5	5	5	8	4
	Credit information index	5	0	0	2	3	2
	Public registry coverage(borrowers/1000 adults)	0	0	0	0	0	1
	Private bureau coverage(borrowers/1000 adults)	636	0	0	1	0	0
Protecting investors	Disclosure Index	6	1	2	2	6	1
Enforcing contracts	Number of procedures	26	21	15	23	23	58
	Time (days)	277	242	209	200	730	585
	Cost(% of debt)	11.5	35.3	22.3	14.4	37.2	36.4
Closing a business	Time of insolvency(years)	2.0	3.0	2.1	1.9	1.5	3.2
	Cost of insolvency(% of estate)	18.0	23.0	38.0	18.0	18.0	18.0
	Recovery rate (cents on the dollar)	31.8	21.3	35.5	28.2	33.2	21.4

(Source) The World Bank. 2005. Doing Business 2005.