

University of the Western Cape

Chancellor's Roundtable for Economic Development

Webinar: "Towards innovative ways of financing micro-enterprises"

Address by Archbishop Thabo Makgoba

Tuesday 17 August 2021

16:30 pm to 18:00 pm

Vice-Chancellor,
Professor Esau,
Professor Ocran,
Panellists and Friends,

Thank you inviting me to give a brief address to open this important discussion, appropriately scheduled for Women's Month.

It goes without saying that women have always been the backbone of our economy in the sense that no matter what men achieve – or fail to achieve – in providing for their families, at the end of the day it has nearly always been women who, by hook or by crook, have had to find a way of putting food on the table for their children. As Professor Esau noted in preparation for this session, they often struggle to do so, especially in rural areas. But such is the love of a mother for her children that women will make extraordinary sacrifices and achieve remarkable feats in order to ensure their families' survival.

Therefore the question we are concerned with here is not how innovative women are. It is not how adaptable they are. It is not how capable or skilled they are. We know they have all those qualities in abundance. The issue we are here to

deal with is how to help them overcome the obstacles they are faced with in taking their economic activity to new levels. As the contemporary phrase describes it, what can society do to help women “scale up”?

How does the education sector, including this university, empower and resource women to transform their efforts and enable them to create sustainable micro-enterprises with potential for growth? How does business – and especially the financial sector – support them? What mechanisms can governments put in place to smooth their paths? What is the role that NGOs, or retired executives, or stokvels can play?

I do not have the expertise to give you all the answers to those questions – that is, I hope, what you are here to do at this roundtable. But a major issue will clearly be how owners of small businesses can access finance to help them grow. In that regard allow me to tell you two stories to counter the narrative that investing in micro-enterprises is risky.

One concerns a newspaper executive who was retrenched. Because her husband earned enough to provide for their family, she took her retrenchment package and used it to grant women micro-loans with which they bought bags of mielies to roast and sell at railway stations in Johannesburg. She reported afterwards that those women almost never defaulted on those loans, enabling her to make her's a revolving loan scheme.

The other story is about a project at operating at a much larger scale. After our liberation in 1994, anti-apartheid activists in New York who had previously lobbied against investment in South Africa decided to change course, and launch a project under the name Shared Interest. They did so by getting American investors to facilitate guarantees so South African banks nervous of losing their money would lend to those who needed it. I spoke at their 27th anniversary event recently, and learned that their scheme has secured \$28 million in guarantees, unlocking \$121

million in loans, which have benefitted more than three million people. They say they have never lost a cent of an investor's interest or principal. Their work – now expanded to cover Malawi, Mozambique and eSwatini – has helped low-income people launch 230,000 small businesses, create two million jobs and build 122,000 low-cost homes.

If people like that retrenched executive, and interested people in New York, can empower innovative and creative South Africans to succeed, what more could we do if we put our minds to it? I know you will rise to the challenge.

God bless you and these deliberations.

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