

**Event: 24<sup>th</sup> Session of the Inter-Governmental Committee of Experts – United Nations Economic Commission for Africa**

**Date: 20 September 2018, 09.00 hours**

**Venue: Le Méridien Hotel, Pointe aux Piments**

**Speech of the Minister of Business, Enterprise and Cooperatives,**  
**Hon. Soomilduth Bholah**

**Theme: “The Role of SMEs in the industrialisation process in Southern Africa”**

Excellencies;

Distinguished delegates;

Members of the press;

Ladies and Gentlemen

Good morning!

I am honoured to welcome you on behalf of the Government of Mauritius for the **24<sup>th</sup> session of the Inter-governmental Committee of Experts (I.C.E) of Southern Africa**. I hope you are having a wonderful stay so far. We are thankful to all delegates who have travelled all the way from different countries to dignify and magnify the conference being held in Mauritius.

It is gratifying to note that the 2018 I.C.E is being held under the theme “**Blue Economy, Inclusive Industrialisation and Economic Development in Southern Africa**”. It is an opportune time to discuss current and pressing issues affecting the socio-economic development in the region and how the

blue economy sector could contribute to investments, job creation and the reduction of poverty and inequality.

As far as my ministerial portfolio is concerned, I am delighted that deliberations during the present conference will include an **Ad-hoc Expert Group meeting** on the theme: ***"The Role of Small and Medium Scale (SME) Enterprises in the Industrialization Process in Southern Africa"*** being co-organized with the SADC Secretariat today and tomorrow.

Ladies and Gentlemen,

Before digging into ways to consolidate the SME sector in the Southern Africa region, it is worth to go through some economic facts. The **Southern Africa Economic Outlook 2018 Report** released by the **African Development Bank** indicates that **economic performance remains subdued** as the region continues to face major headwinds: high unemployment, weak commodity prices, fiscal strain, increasing debt, and high inflation. Real GDP is estimated to have grown at an average of **1.6% in 2017**, before increasing to a projected 2% in 2018 and 2.4% in 2019.

In response to many socio-economic challenges, the African Development Bank points out that **Small and Medium Enterprises are the engines that are more likely to drive economies and are the ultimate stepping stone to industrialisation.**

Even the United Nations have recognized SMEs as being responsible for **significant employment and income generation opportunities** across the world and they have been identified as a major driver of poverty

alleviation and development. Moreover, they are a critical force in the implementation of the UN Sustainable Development Goals.

According to the data provided by the International Council for Small Business, **MSMEs make up over 90% of all firms and account on average for 60 to 70% of total employment and 50% of GDP**. The International Trade Centre indicates that there are **500 million MSMEs in the world** today. Hence, Governments across the globe and all international institutions are finding ways to level the trading field for SMEs.

Dear delegates,

With a contribution of about **40% to Mauritius' GDP and representing 54.6% of total employment**, SMEs are expected to become a major pillar of the Mauritian economy.

With a view to implement the appropriate policy decisions and to adopt the right strategies, my Ministry commissioned a **10-year SME Master Plan** which was launched last year. This Master Plan is meant to be a **Game Changer in the economic development scenario** of Mauritius by advocating a much-needed structural transformation of the SME sector. The vision and mission set in the 10-year Master Plan for SMEs are based on 5 main objectives:

- (i) improve SME competitiveness;
- (ii) foster high growth potential SMEs;
- (iii) upgrade skills and job opportunities;
- (iv) improve value addition; and
- (v) increase market share.

Some of our main targets by 2026 are to raise SMEs' contribution to GDP from **40% to 52%**; increase SMEs' share of total national employment from **55% to 64%** and to expand current exports from less than **3% to about 18%**. Hence, in line with the recommendations of the Master Plan, in replacement of the Small and Medium Enterprises Development Authority (SMEDA), a new support institution for SMEs: the **SME Mauritius Ltd** has been set up this year, after a new law has been passed. This major change is **not only a move for a courageous shift but it also paves the way forward for a constructive reform for the SME sector** by providing a better system of governance and doing away with bureaucratic inefficiencies. SME Mauritius Ltd is currently operating several schemes to assist SMEs in having access to finances, new technologies and markets.

Moreover successive budgets prepared by the Government since 2015 have positioned SMEs as **key drivers of inclusive and balanced growth**. Mauritius is leaving no stone unturned to conclude regional and multilateral agreements with a view to further extend its commerce on the international front, whereby our SMEs will also be able to take part in the global trade.

Respected delegates,

Even though SMEs contribute significantly to economic growth and in the industrialisation process, they face challenges. To address those challenges, **the African Development Bank has pledged for a regional approach to SME support and development** to boost growth of the sector. This would require undertaking a rigorous analysis of SMEs operating in the Southern Africa region. Consequently, the results would help policy makers

understand the real bottlenecks and to come up with the necessary reforms for better equipping SMEs to participate fully in the process of industrialisation.

I believe that if we recognize the fact that SMEs are key players to achieve economic growth in the Southern Africa region, **a comprehensive programme should be designed to consolidate the enterprises**. The main thrusts of such a programme would be to enhance the competitiveness of SMEs, improve the business and regulatory environment, strengthen institutional support systems, promote technology transfers, industrial innovations and improve productivity. I am confident that during panel discussions today on the matter, recommendations of mutual interest will eventually emerge.

***"It takes a village to raise a child"*** - This African proverb does not only reflect on the importance of an entire community to help a child grow up in a safe environment. It also reflects on the mind-set we should adopt as **a group of countries in the Southern Africa to join our forces to promote the SME sector**.

Ladies and Gentlemen,

As we evolve in a fast-paced world, Southern African countries have to **harness ambitions and we should focus on the various ways to achieve the goals set**. I will conclude by referring to a statement made by the President of the African Development Bank, Mr **Akinwumi Adesina** who rightly said – I quote – ***"We have to be impatient in moving Africa forward"*** – Unquote.

I wish you all fruitful deliberations. Thank you for your attention!