

## KEYNOTE ADDRESS BY MPUMALANGA PREMIER TSP MAKWETLA AT THE YOUTH ENTREPRENEURSHIP CONFERENCE GALA DINNER

Emnotweni Arena, 23 June 2005

Programme Director

Members of the Provincial Executive Council

Members of the Provincial Legislature

Representatives of SALGA and the leadership of local government in the province

The CEO of the Umsobomvu Youth Fund, Mr. Malose Kekana

Distinguished Guests and previous speakers

Compatriots, Comrades and Friends

Allow me to begin by offering our sincere congratulations to the Umsobomvu Youth Fund, and its various partners, for a timely and important initiative that we believe will go a long way towards laying the foundation for a stronger entrepreneurial culture amongst our youth.

Your decision to hold this momentous gathering in our province has not gone unnoticed. It will definitely serve to generate interest in the content of your deliberations throughout our province. We are also confident that it will further inspire our own efforts to promote youth entrepreneurship and employment creation in the province.

The 2005 Youth Entrepreneurship Conference is taking place against the backdrop of numerous youth activities to mark SA Youth month across the country, under the broad theme “**Create Youth Employment and Fight Poverty**”. We are therefore hopeful that Conference will highlight the plight of young people and identify concretely how the challenges they face, can be better addressed within our national and provincial development programmes.

Your stated objective of *‘harnessing the efforts of different stakeholders in entrepreneurship development’* is a noble one, especially in the context of a global consensus that suggests that the stimulation of entrepreneurship is a critical element for employment creation.

No country or region can rely solely on foreign direct investment as the engine for employment creation, and therefore there is a need to pay particular attention to the entrepreneurship potential of our own people and the overall environment for enterprise creation, growth and development.

Entrepreneurship is not only about new entrants or start-ups but it is also about the ability of individuals to exploit new opportunities and developments in a manner that allows new enterprises to grow or to move from the ‘informal’ to the ‘formal’ sector.

Given that not all new businesses or entrepreneurial initiatives succeed, and that there are on-going processes of merger and acquisition that see enterprises swallowing one another, entrepreneurship needs to be continuously promoted to ensure that there is a larger pool of individuals that are encouraged to take the necessary risk and can target emerging opportunities while contributing to the overall development of a country or a region.

The entrepreneurship ‘deficits’ in our country are evident in the relatively small size of the informal sector and the lower levels of self-employment despite the problem of unemployment we face.

In an environment where the labour absorption capacity of the economy is constrained, opportunities for livelihoods are to be found in self-employment in either the formal and informal sector, and this is where one would expect to find the unemployed labour force where there are no other possibilities of support such as the ‘welfare’ benefits that are common in industrialized countries.

In many African countries this manifests itself in the large and dynamic urban informal sectors where one not only finds the ubiquitous selling of farm produce or household necessities but also the presence of simple manufacturing activities such as the building of coffins and furniture.

Such entrepreneurial spirit is notably absent among those who are not able to attain employment in the formal sector. Therefore, one can argue that, the promotion of an 'Entrepreneurship Renaissance' is a development that ought to be given all the necessary support because of the immense potential that it has to make a significant dent in the levels of unemployment while lifting many of our people from conditions of abject poverty.

We need to turn our people from job seekers into job creators.

Much has to be done to change the mind sets of many in the economically active population that employment in the formal sector is the only available option to them for income and sustenance. Given the changing nature of work and growing presence of insecurity, low-wages and casualization self-employment becomes more increasingly attractive and needs to be marketed more aggressively.

Changing mind sets is also about challenging stereotypes and ingrained beliefs or socialisation about who can be an entrepreneur. The entrepreneurship renaissance will not succeed if there are still some among us who believe that entrepreneurship is something associated with a particular racial or ethnic group or class. It should remain our collect and earnest endeavour to provide the environment for a committed and resourceful group of entrepreneurs in our country.

It is perhaps fitting that the most prominent interventions to promote entrepreneurship in the country, such as this Youth Entrepreneurship Conference, are those targeted at the youth.

My reading of the Conference programme indicates that you are firmly focused on issues related to the creation a suitable environment for young people, to begin to take initiative to set up businesses on their own and to create jobs for others.

Recent surveys suggest that more than 70 percent of the unemployed are youth falling between the ages 15 and 34, and such figures raise concerns about the possible costs to economic and social development, and threats to social stability. The seriousness of this challenge is also appreciated at a global level, where Steven K. Miller, a representative of Kofi Annan the United Nation's Secretary General, recently remarked that ***"youth employment is not just a sectoral policy amongst others, but rather the key to unlocking solutions to a host of other issues, such as HIV and AIDS, migration and peace building"***.

The promotion of entrepreneurship among youth will serve to shift mind sets, as we noted earlier, whilst preparing youth to take advantage of emerging opportunities in an environment where government is committed to broadening ownership in the economy in order to make it inclusive of previously disadvantaged groups.

We are greatly encouraged by efforts to foster entrepreneurship among youth in their formative years, from primary to secondary schools, particularly as seen in programmes such as the **Umsobomvu Youth Fund's Entrepreneurship Education Programme**. Umsobomvu has a reported target of reaching close to 60 000 learners by 2008 and is also implementing a programme to reach a similarly ambitious target of out-of-school youth.

We are aware that these are not the only programmes in place and wish to commend civil society organizations that are similarly committed and have rolled up their sleeves to undo a historical legacy that threatens our competitiveness and social fabric as a country.

Programme Director, in our view, the success of the youth entrepreneurship programme and its ability to make a considerable impact in reducing youth unemployment will depend a great deal on how it is integrated with other policies of government.

Youth unemployment is a part of the broader problem of unemployment and will not be addressed unless comprehensive strategies that are in place to tackle unemployment actually succeed.

Therefore we must view the promotion of youth entrepreneurship as part of a range of policies including investment into critical economic infrastructure, sectoral policies, the Expanded Public Works Programme, small

business promotion, among others. Youth entrepreneurship can be made to be a more sustainable and effective project if it is aligned with these in ways that bring most benefits to youth.

For example, a case can be made for the promotion of youth co-operatives alongside youth entrepreneurship. Where youth feel they want to adopt co-operative principles and pursue opportunities collectively, they should not find that the incentives and support are not available.

It is our hope that during this Conference greater clarity will also emerge regarding how youth can benefit from the broader national and provincial agenda to create employment through entrepreneurship, which covers not only support for small business development but also broad-based BEE. Is the best way to support youth entrepreneurship through the establishment of quotas or targets in such initiatives, or should separate programmes be designed for youth?

There are also some critical areas that are of concern to us that are sometimes missing in the discussions on youth entrepreneurship, which we would want to touch on briefly.

Firstly, one cannot overemphasise the importance of building partnerships at grassroots level, and elsewhere in order to achieve our goals. We believe that there is room for greater and more effective partnerships between Umsobomvu and the various tiers of government, and civil society organizations, in the design and implementation of targeted interventions to promote youth employment, in general, and youth entrepreneurship in particular.

Secondly, we should all be aware that one of the main shifts in labour market trends in the past 20 years, is that the returns to education and skills are increasing. Therefore, some balance needs to be achieved between ensuring that education and skills remain a serious priority among youth even when they are part of the entrepreneurship revolution.

Thirdly, it must be recognized that gender mainstreaming within many youth programmes remains a major challenge. Ways should be found to improve our reach to youth that are female in terms of educating them about entrepreneurship and challenging whatever attitudes they may have about it.

Finally, we should all be vigilant about the type of entrepreneurship culture that we wish to foster among our youth. Quite critically this is one that should be socially responsible and be committed to good corporate governance and ethical conduct in all their dealings. Our Young entrepreneurs should disavow corrupt practices and the pursuit of 'short' cuts.

Programme Director, despite the many successes we have achieved the youth of our country continue to be faced with significant socio-economic challenges.

The structural unemployment problem and economic underdevelopment of the past mean that young people from disadvantaged backgrounds are the most vulnerable to poverty and unemployment.

Initiatives such as the 2005 Youth Entrepreneurship Conference are an important building block to a brighter and more prosperous future for our youth.

Hand in hand, we can turn the legacy of deprivation into one of equal opportunities and success.

May the remaining sessions of your Conference be fruitful and equally rewarding.