



## **The Business Enabling Environment for SMEs: Key Aspects to Focus on**

**Julius Spatz**

Head of the Development Economics Team  
GTZ

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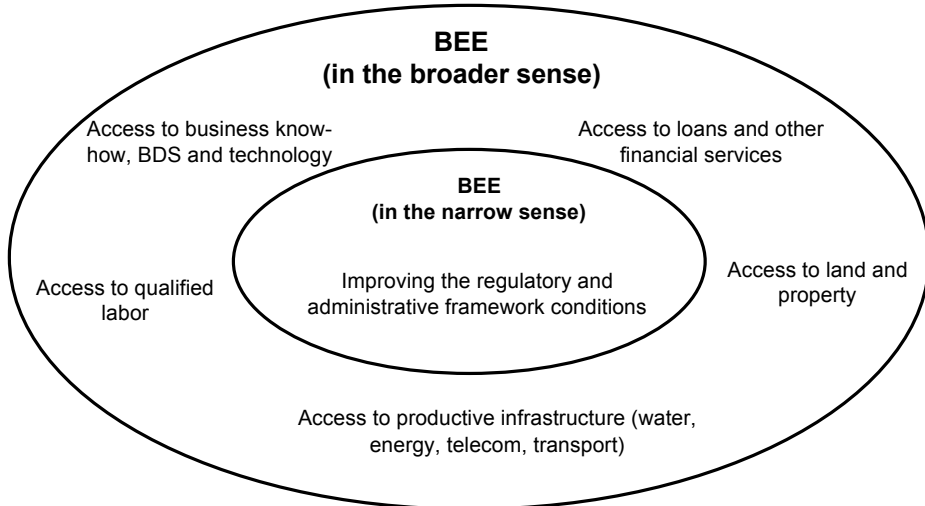


### **Structure**

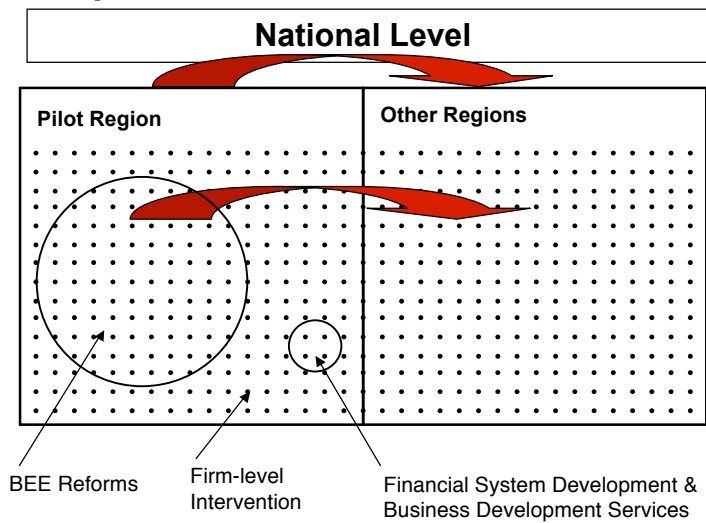
- Background
  
- A Stylized Reform Cycle
  
- Good Practice on “How to Reform”
  - Use Benchmarking Tools
  - Involve the Private Sector
  - Address Political Economy Constraints
  - Build in Sustainability
  
- The GTZ Portfolio to Support BEE Reforms



## Definition



## The Importance of BEE Reforms for SME Development



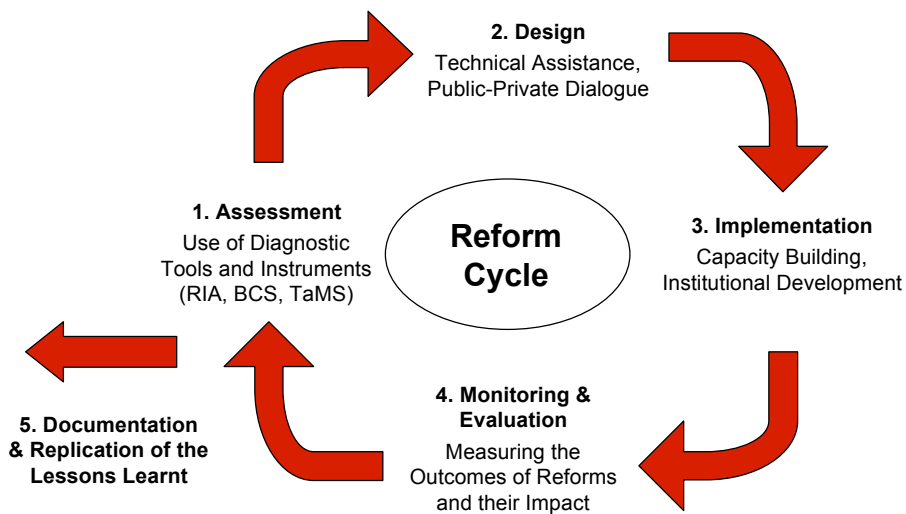


## Africa is on the Right Track

- “Africa has been among the top three reformers, following Eastern Europe and the OECD countries in the number of business-friendly regulation reforms.”
- „Forty-five regulatory changes in 30 economies in the region reduced the time, cost, and hassle for businesses to comply with legal and administrative requirements.“
- „... two African countries – Ghana and Tanzania – ranked ninth and tenth across 175 economies for improvements that ease the terms of doing business.“



## A Stylized Reform Cycle





## Good Practice 1: Use Benchmarking Tools (1)

- Starting a Business

	Middle East & North Africa		Sub-Sahara Africa	
	Average	Best Performer	Average	Best Performer
# of Procedures	10.3	Morocco 6	11.1	Mauritius 6
Duration (in days)	40.9	Tunisia 11	61.8	CAR 12
Cost (in % GNI per capita)	74.5	Kuwait 1.6	162.8	South Africa 6.9
Minimum capital (in % GNI per capita)	744.5	Iran 1,3	209.9	Botswana, ... 0



## Good Practice 1: Use Benchmarking Tools (2)

- Other “Doing Business” Indicators

- Dealing with Licenses
- Employing Workers
- Registering Property
- Protecting Investors
- Paying Taxes
- Trading Across Borders
- Enforcing Contracts
- Closing a Business

## Good Practice 2: Involve the Private Sector (1)

- **Background**
  - The voice of the private sector is often not heard in regulatory and administrative reform processes
- **The Program**
  - GTZ Support to conducting a business and investment climate survey in the 14 SADC member countries, which identifies the bottlenecks to private sector development
  - Dissemination of the survey results in the press (newspaper, radio, television, etc.)
  - Capacity building in policy advocacy for business associations
  - Promotion of the public-private dialogue between governments and business associations



## Good Practice 2: Involve the Private Sector (2)

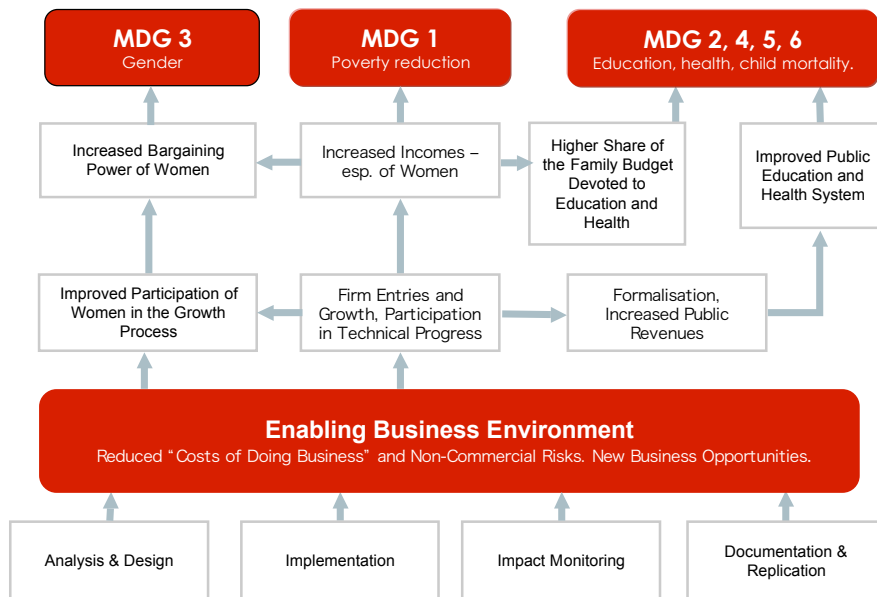
### ▪ Perceived Obstacles to Private Sector Development





## Good Practice 3: Address Political Economy Constraints

- BEE Reforms neither Yield “Quick Wins” nor Attract the Attention of the Media
- Fend off Populistic Pressure to Divert Time and Resources to other Causes





## Good Practice 4: Build in Sustainability

- Use a Participatory Approach throughout the Whole Reform Cycle
- Capacity Building and Institutional Development Are Key Success Factors
- Link the BEE Reforms with Measures to Improve the “BEE in a Broader Sense” (e.g., Business Development Services and Financial Sector Development)



**Thank you very much for your  
attention!**