

**Speech by USAID Namibia Director Diana Swain at  
SEMINAR ON JOINT VENTURE CAPITAL  
30 May, 2001**

Honorable Minister, Ladies and Gentlemen, Business Leaders of Southern Africa, and I hope I can say, future Venture Capitalists:

I am very pleased to welcome all of you to the Venture Capital Workshop for Southern African Small and Medium Enterprises. I would like to recognize and express our gratitude to Bank Windhoek, NIB-Namibia and The Institute of Bankers for co-sponsoring this workshop with us.

To the workshop speakers, Mr. Rague from the World Bank, and Professor Leeds from Johns Hopkins University, let me say in advance how deeply we appreciate your sharing with us the insights and knowledge you have gained over the years.

To those of you who are attending, thank you for giving of your time and, in doing so, showing your interest in venture capital for small and medium enterprise development and – perhaps even more importantly – for your obvious commitment to the long-term prosperity of Southern Africa and its people.

Finally, I would like to express my personal appreciation to two people: I'd like to thank Tom Gibson, the founder of the Institute for Small and Medium Enterprise Finance, for putting Namibia on his schedule. We are honored to have Tom here. And John Wasielewski, the director of USAID's Office of Development Credit in Washington D.C., the man who pulled all the pieces together and made this conference possible.

Let me start off today's session with a small story. Communism, Socialism and Capitalism had arranged a meeting. At the appointed hour, Communism and Capitalism had shown up. But Socialism was nowhere to be seen. They waited. Fifteen minutes. Twenty minutes. A half hour went by. And finally Socialism came running up, out of breath and quite embarrassed. "I am so sorry," said Socialism, "I wanted some cheese and the line took longer than I thought it would." "A line?" Capitalism asked. "You found CHEESE???" Communism exclaimed.

Now, let me be honest. Sometimes people in capitalist societies DO have to queue up. And not everyone has cheese on their tables. Capitalism does have its weaknesses. Nevertheless, while not perfect, it is the most efficient engine currently known to mankind for producing value, for producing what people want, and for generating economic growth.

This is a region that is increasingly embracing capitalism. It is also a region that is increasingly turning its back on political and social structures that, for too many years, relegated large portions of the population to inferior status and denied them the means to excel. Because of its history, this is a region with a lot of catching up to do. And, in

order to do so, as many people as possible must be given the skills and the opportunities to participate productively in economic activities.

As all of you here today know, experience around the world has shown that small and medium enterprise development broadens and accelerates employment generation and stimulates overall economic growth.

Development agencies such as my own can team up with local institutions to provide technical assistance, training, and other inputs that can improve the prospects of small and medium sized businesses by upgrading skills, introducing new ways of doing things, and changing outlooks. But, I have to admit (and it's not easy to admit this in front of so many people) that what donor agencies can do is nothing compared to what the private sector itself can do. We can never match the private sector in terms of the financial resources it can make available. And no matter how committed we may be, our bureaucracies -- and our mentalities -- prevent us from taking the kinds of risks that are necessary to take to be successful in a dramatic way.

Venture capitalists CAN be successful in a dramatic way. In helping to launch new businesses, they bring not only financial resources to the table but their expertise and business savvy as well. In fact, the most successful venture capitalists are entrepreneurs first, and financiers only second.

Many people believe that venture capitalists are interested primarily in high technology start-ups, and in the U.S. that HAS been the case. But the European experience has demonstrated that venture capital can be relevant in non high tech start-ups as well. There, less than 30 percent of venture capital is invested in high technology enterprises.

Given the considerable liquidity in the Southern African economies, venture capital can, and indeed must, play a significant role in stimulating regional economic growth. Investment in small and medium enterprise development will spur the sort of broad-based growth that correlates more closely with the region's economic wealth and talented pool of human capital. You, as business leaders, can build new buildings or you can put your money in people and ideas.

In closing, let me say that I believe the Southern African region has enormous economic potential. Because of that, I'm very pleased to be among those bringing you this workshop.

I hope you'll enjoy the speakers and the case study discussion. I hope you'll ask tough questions and make sure that you get from the workshop information and ideas that will be useful to you and help you to think in new ways. I hope you'll gain from the workshop a better sense of what you and your organization have to offer to building a prosperous and stable Southern Africa. And I hope you leave the workshop with an invigorated commitment to moving forward.

Again, thank you for coming and best of luck in your deliberations.