

## The Namibian: Raising capital on stock markets challenging for SMEs

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by Ester Mbathera

**THE chief executive officer of the Namibian Stock Exchange said there is a need to create a vehicle to raise money which can be passed onto small and medium enterprises (SMEs).**

Tiaan Bazuin spoke to The Namibian last Friday while attending the Namibia Institutional Investors Forum at Swakopmund.

He said the challenge is SMEs that don't apply international financial reporting, which must be confirmed via an external audit.

“A single business, for example a mechanic who spends eight hours under a car every day, it's difficult for him to do that type of disclosure while he is running a business out of his garage.

“You do need some scale to have the appropriate reporting to access capital market funding,” he said.

Bazuin added that there are organisations such as SME Compete, that help and mentor SMEs to grow and get to a point where they become a larger business.

“Ideally, I want to see that large businesses get to the point where they come and list, like what we had with Standard Bank, Paratus, or MTC,” he added.

Fillemon Iyambo, the managing director of Ino Harith Capital, added that the SME sector is not well formulated.

He said most SMEs continue to believe in close corporations (CCs), while the fund management regulations don't allow for investment in CCs.

“The other aspect we are concerned about is the issue that most SMEs are run by individual owners who don't want to put up a proper corporate governance structure, they don't want to appoint the right skills,” he said.

Iyambo said that when investing in any business, fund managers look for the skills within the business and not who owns the business.

“Some ideas are brilliant but because the human capital behind it does not support the amount of money you are looking for, we will turn them away,” he said.

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