

The African Regional Ministerial Meeting

25 March 2012

ECA Headquarters

Addis Ababa, Ethiopia,

**“Small and Medium Enterprises (SMEs) as Drivers of Productive
Capacity and Job Creation”**

UN Department of Economic and Social Affairs (DESA)

**in collaboration with the UN Economic Commission for Africa
(ECA) and the International Labour Organization (ILO)**

Discussant

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Honourable Jameleddine Gharbi, Minister of Regional Development and Planning of Tunisia,

Honourable Ministers,

Distinguished participants,

Ladies and Gentlemen,

I am honoured to take the floor on behalf of UNICEF. I wish to thank the organisers for inviting me to participate as discussant in this African Regional Meeting on the theme "Small and Medium Enterprises (SME) as drivers of Productive capacity and Job creation" which will bring Africa's perspectives to the upcoming Annual ECOSOC Ministerial Review to be held in July 2012 on the theme "Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable growth at all levels for achieving the Millennium Development Goals".

At this session, we have first listened to the presentation on the country experience of Algeria. This experience highlights the leadership of the government to build its national development on the two strategies of economic development and human development. It also takes into account the support to youth employment and social integration.

After that we listened to the experience of Italy which has also been compared to the Ethiopia experience. This experience builds on the approach of grouping SMEs by cluster, which promotes networking and which enable diversified technical knowledge and specialised capacity (information technology, adaptation of the institutional environment to the local context...). The role of the central Government is also crucial for the success of this model of SMEs and for the application of the aid effectiveness to the initiative of SMEs.

The third presentation informed us about the definition of "green job" and "decent job" and the meaning of "Sustainable small business" as well as lessons learnt from country experiences, the case of Zambia. The criteria to be upheld are as follows: freedom, equity, security, dignity, job creation, social protection, social dialogue, observance of human rights.

The last presentation focused on the specific context of food security and rural development in favour of rural youth, the "Junior Farmer Field and Life Skills"... We learnt about integrated approaches in Tunisia and Benin which promote rural youth inclusiveness (vocational training and learning, promoting self-esteem, stress management).

I would like to link this session to the discussions of this morning. A few speakers referred to the need for positive environment for SMEs to establish, to grow, and to drive decent sustained job creation. They mentioned the importance of quality basic education, knowledge and specialised skills for the development of "human force". There seems to be consensus on this statement. The question that arises is: which are the bottlenecks on the ground and what are the measures to be taken to guide SME policies?

My comments are guided by critical statistics and the outcome of some recent researches and studies. I will then share a few recommendations for consideration by the distinguished participants.

Over 200,000 children, who survive, do not reach their full human potential. As a result their countries suffer an estimated 20% loss in adult productivity.

Although leading economists today rank early childhood development as the number one national investment in terms of return on investment, many developing countries invest only minimal resources in early childhood.

Progress is not occurring at the right pace to attain the “Education for All” and MDGs by 2015, target date for universal primary education.

Education, especially for girls and women, is the most highly leveraged investment now available to developing countries. Girls education is an important catalyst for global economic growth. A study of 100 countries revealed that every 1% increase in the level of female education generates 0.3% additional economic growth. Educating girls increases their adult wages by as much as 20% for every additional year of schooling.

Researches show that the earlier the investment in child development, the greater the return is on productivity in adulthood.

In order to promote productive capacity in adults, it is necessary to invest in child development, beginning with the very young school age to adolescence.

Honourable Ministers,

Distinguished participants,

In both developing and developed countries, families continue to lack quality child care, which negatively impacts on the parents in their search for and retention of their employment. For instance, flexible work schedule and paid leave to enable adequate parental involvement in their children’s education are also key to child development and achievement in school.

Child care is one of the major reasons for low school attendance, especially among girls. The issue continues to impact children’s entire life cycle at different stages. Those who could not pursue higher education are more likely to be unskilled and unable to obtain a decent job as adults. Consequently, these children may be faced with the same problem as their parents when they grow up, engaging in cheap and longer-time labour and reproducing a vicious cycle of inter-generational poverty among young, poor working parents.

Recent economic recessions, following urbanisation and labour transformation have left more and more poor families working under harder conditions. Longer hours of labour, increased night work and lack of child care services and family leave policies are forcing mainly young and single parents, with limited income and unreliable prospects for employment, to leave their children at home alone or under the supervision of other children. In one study, the percentage of parents reporting that they left a child alone at home or in the care of an unpaid child was 48% in Botswana.

Recommendation 1

Policies do not prioritise child care services for poor working parents. When the services exist at the work place they are limited in quantity and quality. Conflict between work and family responsibilities is a common cause for job loss for women or afford less opportunities for promotion.

It is recommended that protective measures, that allow parents to care for their children and for mother to fully breastfeed their children without threat of job loss, be adopted.

Out-of school rate for girls is likely to cause lower education achievement. Alternative and after-school hours programmes are necessary to complement school curricula and to maximize children's potential for a successful transition from school to work. Completion of primary education is the springboard to a quality secondary education, which in turn prepares adolescent and young people for decent work. Secondary education content can expand an adolescent's ability to function as actor for development. Investment in preparing girls for secondary and university education is important.

Adolescents need a wide range of skills to be prepared for finding gainful employment. Increasingly skills-based economy and vocational or technical training, providing a second chance to children, victims of child labour or those who have emerged from school without the knowledge and skills they need to secure decent work, contribute to sustainable enterprise development and enable the children to fulfill their greatest potential contribution to their families, communities and development of their country.

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Recommendation 2

To achieve social equality, promote sustainable economic growth and prepare skilled human resources to establish a positive environment and culture of entrepreneurship, the following is recommended:

- It is crucial that the right to education, health and decent work is extended to the poorest and most marginalised.
- It is important to invest in child development, beginning with early childhood through adolescence, in order to ensure that adolescents transit easily to adulthood, increasing their capacity for productivity.
- It is also important to focus on quality education with new modern technologies and to promote a positive environment for youth participation in the honouring of governments commitments made at global, regional and national levels as well as economic, social and SME policies. Participation helps youth to build their life skills in relation to the needs of the labour market and self-confidence and empowers them to lead, create, plan and execute their plans.

I thank you for your attention

Two key messages captured by the distinguished participants.

- 1. Need to invest in quality education through the life cycle from early childhood through adolescence to build the human capital with a specific attention to the girl child,***
- 2. Need to invest in social and health services for poor workers especially youth workers, marginalized population and women. "Health is Wealth"***