



## Report of the African Regional Preparatory Meeting 2012 Annual Ministerial Review of the Economic and Social Council

### *Summary*

As part of the Annual Ministerial Review of the Economic and Social Council, a regional preparatory meeting on the theme “*Small and medium enterprises (SMEs) as drivers of productive capacity and job creation*” was held on 25 March 2012, in Addis Ababa, Ethiopia. The 2012 ECOSOC Annual Ministerial Review will focus on productive capacity, employment and decent work. The African Regional Preparatory Meeting was held in the context of the African Union and United Nations Economic Commission for Africa Fifth Joint Conference of Ministers of Economy, Finance, Planning and Economic Development (22-27 March 2012). The Government of Ethiopia and the African Union Commission hosted the meeting, in cooperation with the United Nations Department of Economic and Social Affairs (UNDESA), the United Nations Economic Commission for Africa (UNECA) and the International Labour Organization (ILO).

The meeting brought together a diverse group of regional stakeholders to discuss how innovative approaches, policies and targeted interventions can ensure successful SME development, productivity gains and job creation.

### **Key policy messages**

The following key messages emerged from the discussion:

#### **There is need to assess progress and bottlenecks to small and medium enterprise (SME) development, productivity gains and employment**

- Africa’s solid growth has not been sufficiently inclusive to meet the need for jobs of a fast-growing population. The future growth potential of the region is enormous, but will require a coherent set of policies that ensure job creation and productivity gains.
- Youth and women merit specific attention in the discussion of enterprise development and job creation. Young people in the region today are better educated than any previous cohort. This offers an opportunity to reap the demographic dividend.
- Countries in the region could benefit from learning about each other’s experiences, yet opportunities are limited for knowledge sharing and exchange of good practices in response to these challenges.

#### **The enabling environment should be strengthened for successful SME development**

- The vast gaps in infrastructure throughout much of the region – particularly

in energy, transport, and information and communications technologies – need to be addressed in order to open up markets and release constraints to SME development.

- Although financing for SMEs has improved in recent years, entrepreneurs and SMEs need better access to credit, which continues to be limited by the high risk of default among SMEs and inadequate financial facilities. Direct provision of credit by public financial institutions, provision of guarantees for certain kinds of credit and joint public-private sources of financing are possible measures.
- Education systems should become more comprehensive and better linked to labour market needs. Technical and vocational education and training (TVET) should be better integrated into national education systems.
- Human resource development should not be limited to formal education. Rather, skills in areas such as IT, management and entrepreneurship are often developed on the job. Informal apprenticeships should be factored into human resource development strategies.

**It is essential to promote productive, job-rich SME development in a context of inclusive, sustainable and equitable growth**

- Although increasing agricultural productivity remains a priority, the larger number of rural households participating in non-farm activities suggests the need for additional opportunities for SME development in rural settings.
- Policymakers must carefully evaluate and implement strategies for encouraging the formalization of informal enterprises.
- Social protection programmes can impact positively on the productivity of labour and firms. Social protection improves the productivity and employability of people. It also helps guarantee at least a minimum level of income security, which contributes to local economic development, job creation and investment.

## I. Introduction

In July 2012, the United Nations Economic and Social Council will hold its sixth Annual Ministerial Review at UN headquarters in New York. The Review will focus on *"Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the Millennium Development Goals"*.

On 25 March 2012, a Regional Preparatory Meeting for Africa was convened by the United Nations Department of Economic and Social Affairs (UNDESA), United Nations Economic Commission for Africa (UNECA) and International Labour Organization (ILO). It was hosted by the Government of Ethiopia and the African Union Commission.

The meeting brought together a diverse group of nearly 100 regional stakeholders from Governments, civil society, the private sector and UN system to discuss how innovative approaches, policies and targeted interventions can ensure successful SME development, productivity gains and job creation. The meeting provided an important opportunity for African countries to contribute to the Annual Ministerial Review, including by sharing best practices and lessons learned over the course of four panel discussions.

## II. Proceedings of the regional preparatory meeting

### A. Opening session

The opening session was chaired by **Mr. Emmanuel Nnadozie, Director, Economic Development and NEPAD Division, UN Economic Commission for Africa.**

The meeting was opened by **H.E. Mr. Maged A. Abdelaziz, Vice President of the United Nations Economic and Social Council (ECOSOC) and Permanent Representative of Egypt to the United Nations, New York.** H.E. Mr. Abdelaziz began by pointing to the continent's transformative economic growth rates in recent years and integration into the world economy. Nevertheless, over one billion people in Africa still live below the global poverty line. The 2012 Annual Ministerial Review focusing on the promotion of employment opportunities and decent work arrives at a critical moment for the continent and beyond, particularly in light of recent uprisings and social unrest in many countries. Although some of these movements were triggered, in part, by demands for democratic reform, many were also the result of citizens' appeals for greater employment opportunities and economic inclusion. The Annual Ministerial Review, and ongoing work of the ECOSOC, provide important fora for putting job creation at the centre of the international development agenda.

**Mr. Abdoulie Janneh, Executive Secretary of the United Nations Economic Commission for Africa (ECA),** drew participants' attention to some of the key considerations for strengthening the productive capacity of the labour force and SMEs in the region. The strongest and most sustainable enabling environment for SMEs is based on political stability, democratic governance and a robust economic policy framework. Macroeconomic policies should be designed to strengthen labour market and social policies. Mr. Janneh also highlighted as a priority the need to improve productive capacities through revamped education, training and skills development programmes. If Governments restrict public investment in higher education, research and development, as well as science and

technology, they are likely to face a private sector lacking in innovation and entrepreneurship.

**Mr. Thomas Stelzer, Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs at the United Nations Department of Economic and Social Affairs,** noted the region's improved economic performance over the past decade. Labour productivity grew by nearly 3 per cent annually. Trade and foreign direct investment increased dramatically. Inflation was much better controlled than in the past, and foreign debt and budget deficits fell. Despite progress, African countries have several challenges to meet. First, they continue to fare poorly in terms of "ease of doing business". Second, the quality of education and shortage of skilled workers continue to be key concerns for entrepreneurs and investors. Third, the region's demographic dividend is not guaranteed, and will require more strategic investments in education, food security and rural development. Finally, foreign investors need to be encouraged to do their part in promoting better governance by signing up to accountability and transparency measures, such as the Extractive Industries Transparency Initiative.

In his keynote address, **H.E. Mr. Ato Ahmed Shide, State Minister of Finance and Economic Development, Ethiopia,** highlighted population growth, unemployment and poverty as three of the most salient contemporary challenges facing countries in Africa. Therefore, employment generation will be essential to eradicating poverty and achieving the MDGs in the coming years. He identified the SME sector as one of the principal driving forces for economic growth and job creation in Africa, where SMEs – both formal and informal – comprise almost 90 per cent of businesses, contribute to over 50 per cent of GDP and account for more than 60 per cent of employment. However, successful SME development and growth are impeded by inadequate access to financing, weak technical capacities, poor market access and an unfavorable policy environment. The Government of Ethiopia has addressed these impediments through various policy measures, including the creation of productive employment opportunities for young people outside the agriculture sector; the encouragement of SME development by increasing access to credit, training, production and market facilities and technology support; and the promotion and scaling up of SMEs into middle and large-scale industries over the next five years. The Minister noted that the findings of the meeting will provide an important input into the upcoming session of the 2012 Annual Ministerial Review.

**B. First panel discussion: Strengthening the enabling environment for successful small and medium enterprise (SME) development**

The panel discussion was chaired by Mr. Stelzer.

**Mr. Alhaji Sanusi Maijama'a Ajiya, Second Vice President, Federation of West African Chambers of Commerce and Industry, Ghana,** explained the important – but under-developed – role that consortia of private sector actors can play in the promotion of an improved environment for SME development in Africa. Based on his organization's analysis, key challenges that require greater attention include: (i) communication weaknesses within the continent, including linguistic and technological barriers; (ii) transportation gaps and the comparatively higher cost of transporting goods within Africa relative to importing them from outside the continent; (iii) lack of quality documentation and data in regard to the movement of goods and services; and (iv) high levels of informal trade. The Federation of West African Chambers of Commerce and Industry has launched

initiatives to improve documentation and data on the movement of goods and services with projects in place in Burkina Faso, Liberia, Ghana and Nigeria. Some of the most urgent recommendations for considerations include: (i) the need for the African Union to establish a uniform regional policy on SME development; (ii) the creation of better inter-linkages between private sector associations and government entities; (iii) a clearer approach to the role of regional economic organizations in the creation of an enabling environment for SME development; and (iv) greater acknowledgement that enterprise development is held back by a dearth of business know-how and management skills, even more than a lack of financing.

**Mr. Cheick Sidi Diarra, Under-Secretary-General and High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, United Nations**, stated that the region has recently shown renewed interest in SME development, citing as one example the Accelerated Industrial Development Plan for Africa supported by the New Partnership for Africa's Development (NEPAD). Despite such initiatives, African countries face key challenges to improving the enabling environment for enterprise development. The continent needs a new industrial policy if SMEs are to play a more productive role. Low levels of industrialization and technological innovation result in missed opportunities for growth and job creation. For example, African commodities continue to be exported in their raw form rather than processed locally. There continues to be lack of productive jobs and livelihoods for the region's young people. Finally, he noted that the region lacks the training and development opportunities necessary for entrepreneurs to scale up beyond small and medium enterprises.

Given that 33 of the 48 LDCs are African countries, Mr. Diarra highlighted that additional focus and support should be given to these countries in line with the Istanbul Programme of Action's (IPoA) recommendations on SMEs. Many of the recommendations made in the IPoA promote a more strategic use of resources aimed at micro- and small enterprise development, including through: (i) greater participation of private sector stakeholders in the discussion of national and regional policies for enterprise development and job creation; (ii) sufficient investment by development partners in SMEs, encouraged through the use of tax exemptions, investment guarantees, credit risk guarantees; (iii) improved support to LDCs through foreign direct investment, licensing and trade finance; (iv) increased access to sustainable technologies; and (v) better access to financial services.

**Mr. Godfrey Selematsela, Deputy President, FEDUSA, South Africa**, emphasized that employment creation and decent work should form the basis of labour and social policies. SMEs represent an important sector because of their traditional role in helping to create jobs for many in the region, even though many of these do not meet decent work criteria. Mr. Selematsela identified two critical bottlenecks to entrepreneurship – lack of access to finance and inefficient bureaucracy. The South African experience has demonstrated that these challenges, though formidable, can be addressed. One of FEDUSA's principal roles in recent years has been to assist entrepreneurs' initial efforts by increasing the transparency around the institutional "red tape" involved in setting up new enterprises. FEDUSA has also demonstrated a commitment to social dialogue to ensure that SMEs are productive and sustainable, as well as improvements in education, training and skills development.

Participants expressed broad agreement on the urgent need to prioritize youth employment on the continent. Discussion of this issue generated a number of proposals and initiatives which have been employed to promote decent work for young people, including better

education and skills training, state-sponsored youth entrepreneurship competitions (i.e., Nigeria's "You WIN!" programme), tax holidays for young entrepreneurs and innovative financial products with improved guarantee mechanisms for start-ups. Another priority area highlighted by several participants was the impact of labour migration on SME development. Those who migrate to advanced economies are important sources of investment, networking and knowledge and technology transfer in their home countries and can contribute to SME development and job creation. However, participants encouraged Governments to improve school-to-work transitions at home and better align skills gained in formal education to the needs of local labour markets in order to retain the next generation of entrepreneurs in their home countries and ensure growth and job opportunities in local contexts. Many participants agreed that the lack of management skills and business training are bigger impediments to SME development than limited finance.

**C. Second panel discussion: Promoting productive, job-rich small and medium enterprise (SME) development in a context of inclusive, sustainable and equitable growth**

This session was chaired by H.E. Mr. Abdelaziz.

**Dr. Talaat Abdel-Malek, Economic Adviser to the Minister of Planning and International Cooperation of Egypt and Chair of the OECD Working Party on Aid Effectiveness,** identified jobless growth as a key policy challenge that could not be solved alone by either labour policies or SME development. Rather, different strategies for economic growth need to be pursued. Not all economic sectors are growth-oriented or job-rich, and therefore those sectors which (i) have natural advantages, (ii) are sustainable and (iii) more employment intensive in each country should be identified and promoted (e.g., tourism and agribusiness in many African countries). Youth and women should take centre stage in any such strategy. SMEs can help to address the employment challenge, but major bottlenecks remain. A simplification of registration procedures for new businesses through the use of "one-stop" centres is one practical idea applicable in most countries. The regulatory and legal environments are often outdated and not conducive to enterprise development; similarly access to finance and tax rules could be made friendlier to entrepreneurs. Training and capacity building are equally important. Dr. Abdel-Malek stressed the need for the development of skills required by the market, including those provided by vocational education. While supporting the use of business incubators, he questioned the usefulness of entrepreneurship training as part of a formal curriculum. Rather, he suggested the use of apprenticeships sponsored by large corporations, which would teach on-the-job entrepreneurial, leadership and management skills.

**Mr. Kako Nubukpo, Professor of Economics, University of Lomé,** pointed to the unexploited gains that could be derived from improved natural resource management on the continent. Currently, too many African economies remain dependent on the export of raw materials and, in the process, miss out on growth and job creation opportunities provided by processing services. SMEs do provide the bulk of employment in the region, but many enterprises are limited by weak financing options in their ability to increase productivity and job creation. The private sector, including SMEs, is weakened by the absence of strong public governance in pursuit of sustainable economic growth. Mr. Nubukpo encouraged participants to identify successful country experiences to draw on that prioritized equity and decent work alongside economic growth.

**Mr. Mario Pezzini, Director, Development Centre, OECD,** emphasized the importance of policy dialogue among countries in the region on issues pertaining to SME development, job creation and poverty reduction. SMEs require a specific policy focus because they have different needs and challenges compared with large firms. Ideally, these policies should be designed at levels – such as at the office of Prime Minister – that reflect the multisectoral nature of strategies necessary for SME development. Rather than treating SMEs uniformly, distinctions among firm “types” are needed on the basis of, among other things: the level of education and training required, the firm’s role in the productive system and its potential to increase competitiveness. Mr. Pezzini recommended three broad policy measures to promote SME development in the region. These include: (i) improvements in education, IT training and services; public services and infrastructure, financed through tax revenue initially generated by large businesses; (ii) target groups of firms, rather than individual firms (e.g., loan guarantee consortia for reducing interest rates and increasing credit for SMEs; provision of market trends information, rather than subsidies); and (iii) improvements in the local context in which most small firms operate, including by addressing constraints in rural areas and distressed urban areas. He stressed that the long-run perspective is good if African Governments effectively lower the barriers young people face.

**Mr. George M. Muchai, Deputy Secretary, COTU-Kenya,** pointed to the mismatch in training and skills development offered by educational institutions and the needs of the local economy. Moreover, too many training centres are poorly organized and funded. Innovation in the delivery of training and skills development programmes is therefore an urgent priority in African economies. Regarding SMEs and jobs, these issues have received too little attention in many national development plans. SMEs hold promise for job creation, as they currently provide the bulk of jobs in the region; however, they have numerous weaknesses, including a lack of protection and compliance with labour laws. SMEs continue to face the dual challenge of meeting the high costs of doing business and improving competitiveness. Mr. Muchai called for improved financing for SMEs; the creation of business incubators, where training in entrepreneurship and technical skills would take place; allocation of government tenders to SMEs; and provision of land to SMEs. He also urged Governments and municipal authorities to desist from harassing SMEs in the informal sector.

Some participants responded to the presentations by recommending a regional exchange of knowledge and best practices on how to identify comparative advantages for sector-specific investment. Regarding investment in rural areas, one participant emphasized the need for food security and well-being of local populations to be prioritized as part of any national strategy to promote agribusiness, particularly in those countries with recurring crises of food insecurity and malnutrition.

#### **D. Third panel discussion: Country experiences and best practices**

This session was chaired by **H.E. Mr. Jameleddine Gharbi, Minister of Regional Development and Planning, Tunisia.**

**H.E. Mr. Renzo Rosso, Ambassador of Italy to Ethiopia,** described Italy’s high concentration of small firms, which is anomalous among advanced economies. This has been achieved, in part, by groups forming clusters of firms which empower them more than if acting as separate firms. What from the Italian experience of SME development might be relevant to countries in Africa? He noted that bottom-up growth generated by small firms is an important source of employment, including self-employment, as well as a

way of incorporating women and young people into productive activities. SMEs also play an important role in expanding and diversifying the productive knowledge and capabilities of a country, which in turn determine its level of competitiveness and growth. Numerous small firms, if concentrated in the same or complementary industrial sectors can increase the likelihood of specialization among firms. These clusters allow for a more focused use of resources, and are also more likely to attract investment. Although any attempt at developing this cluster model will need to build upon the particular characteristics of the local context, Governments can play an important role in facilitating cluster creation through sound policy intervention and infrastructure meant to address firms' needs. Together with UNIDO, Italy is supporting a "bottom-up" approach along these lines in Ethiopia's leather sector, which aims to build on pre-existing strengths in the sector while increasing efficiency and productivity of clusters of entrepreneurs. Italy also supports improving aid effectiveness vis-à-vis SME development in recipient countries to ensure access to financing and build local environments conducive to private sector development.

**Ms. Nabila Sahnoune, Director of Analysis, Ministry of Industry, SMEs and the Promotion of Investment, Algeria,** provided an overview of the recent Algerian experience of SME development. She pointed out that over one-fifth of SMEs in Algeria are classified as artisanal activities. More recently, there has been a significant increase in SME creation in certain sectors, specifically in services and energy. Algeria's approach to encouraging SME development has been based on a strategy that emphasizes coherence between economic and human development agendas. The Government has focused on key public sector reforms, upgrading of SMEs and investment in critical sectors. The result has been the insertion of more than 1.4 million job seekers into the labour market, as well as the financing of 527,000 SMEs. The Government simultaneously implemented policies supporting employment as part of its five-year programme, including through a US\$ 200 billion investment plan that provides incentives for job creation in the private sector. Young entrepreneurs benefit from reduced management costs, tax breaks (up to 80%), access to credit from banks, loans at low interest, and youth development programmes. Ms. Sahnoune identified three challenges which will need to be addressed in the coming years: (i) sources of job creation need to be diversified; (ii) industrial sectors with high added value employment need to be developed; and (iii) exports outside of the hydrocarbon sector need to be promoted.

**Mr. Andreas Klemmer, Senior Enterprise Development Specialist, Decent Work Team for Southern and Eastern Africa, ILO Pretoria,** presented an approach to the creation of decent green jobs and sustainable SME. He highlighted that green job creation needs to meet decent work criteria – that is, gainful, productive employment in conditions of freedom, equity, security and dignity –sometimes overlooked in discussions of the green economy and sustainable development. For the ILO, the concept of a sustainable business or SME is one in which the enterprise seeks to maintain a critical balance between the interests of people and the interests of the natural environment. As one of two concrete examples of this approach, Mr. Klemmer described the ILO-led programme to promote green jobs in the Zambian building industry through the development of sustainable SMEs. Positive outcomes included: (i) increased appreciation among the Zambian public and building industry stakeholders of green building principles; (ii) a refined industry-specific regulatory framework that stimulates demand among private and public housing developers for green building materials and methods; and (iii) strengthened capacity among SMEs to supply green building goods and services.

**Mr. Chimimba David Phiri, Chief, Policy Assistance Support Service, Technical Cooperation Department, Food and Agriculture Organization (FAO),** spoke about the

nexus between SMEs and rural youth employment. He stressed the importance of agriculture in African countries and added that many SMEs are in fact agri-businesses and are crucial for job creation. Ongoing challenges to improving productivity in rural and agricultural SMEs include high transaction costs; infrastructure constraints; access to finance; and a lack of uniform quality and safety standards. Despite these, SMEs remain a source of decent employment for Africans, and contribute to food security. Mr. Phiri called for an integrated approach to assisting rural youth to start their own businesses. He pointed to the development of several agricultural growth corridors in the region, as well as the Grow Africa Initiative, both of which provide innovative responses to these challenges. Other best practices could be gleaned from the Songhai model of rural youth training and Junior Farmer Field and Life Skills schools, notably those operating in Tunisia and Tanzania.

**Ms. Akila Belembaogo, Head of Liaison Office and Representative to the African Union and UN Economic Commission for Africa, UNICEF**, emphasized the importance of promoting children and young people's well being as an investment in future growth and productivity. Although girls' education is a catalyst for global economic growth, girls in Africa are still disproportionately affected by inadequate investment in education and barriers to enrolment and grade progression. Ms. Belembaogo maintained that there is an urgent need to: i) invest in children's development, including a renewed focus on the early years; ii) focus on improving the quality of education while ensuring skills training in relevant areas, such as information and communication technologies; and iii) increase youth participation in society to combat exclusion.

Participants welcomed the opportunity to hear country experiences from States in the region, as well as those from other regions, which successfully made the transition from specialized to diversified economies. The experience of Morocco, and its specific focus on reforming various legal and regulatory practices to encourage enterprise development, was offered as a model for countries to explore further. Some participants stressed that access to financing for SMEs, particularly in rural areas, might not be as good as some panelists assume. Cooperatives and agricultural banks had helped to fill this gap in a number of more advanced economies. It was suggested that the African Union should play a bigger role in helping to coordinate national and regional approaches to SME development and job creation.

#### **E. Fourth panel discussion and closing comments: Key policy messages for the 2012 Economic and Social Council Annual Ministerial Review**

**Ms. Helena Okiring, Youth Leader, Uganda**, provided a youth perspective on the meeting theme based on her own experiences and consultations with her peers. Ms. Okiring began by reflecting the longstanding frustrations of many young people in regard to poor job prospects and economic exclusion. Although the issue now receives greater attention than it has in years past, many of her peers expressed concern that current solutions might be tokenistic and lack the "teeth" to make the difference needed. Her discussions with young entrepreneurs shed light on what they see as the biggest barriers to starting a business or investing in their local economies, namely, corruption, inefficient public sector management and unfair competition. Ms. Okiring urged action on these issues and further encouraged policymakers to invest strategically in human resource development and to honour national and international commitments to equitable and inclusive economic growth and development.

**Mr. Wiseman Lumkile Nkuhlu, President, International Organization of Employers**, focused his attention on two challenges which had not been discussed at length in previous

panels. First, policymakers have not adequately responded to the need for improved movement of people and goods across borders the region. This continues to be a major impediment to growth, despite the progress made by various sub-regional economic communities to move toward a common market. Business leaders and entrepreneurs face unnecessary delays and restrictions on their intra-regional movement. In regard to the movement of goods, it takes extraordinarily long for goods imported by landlocked countries to be cleared by customs in ports of entry in coastal countries, which in turn increases the cost of imports. Secondly, small and medium enterprises have an opportunity to form productive partnerships with large international retailers on the continent. He argued that the industrialisation strategies for many African countries should be more clearly linked to the development of the retail sector. Governments should engage local enterprises to negotiate mutually beneficial arrangements with international retailers. These partnerships could include programmes such as training and financial support for local business owners and joint retail ventures which bring together locally and internationally produced goods.

**H.E. Mr. Maged A Abdelaziz, Vice President of the United Nations Economic and Social Council (ECOSOC) and Permanent Representative of Egypt to the United Nations, New York**, thanked all participants for their contributions to the discussion and committed to addressing these issues in his new role as Special Adviser to the United Nations Secretary-General on Africa. He remarked on the threats to longer-term growth if the region could not enact the necessary reforms to make it a better place to do business. More importantly, too many people – particularly young people – on the continent continue to be left behind. These lessons will be taken to the Annual Ministerial Review in July, where he hoped to increase the international commitment to improve productivity and jobs, as well as encourage countries and regions to launch new partnerships and initiatives for Africa.

In his closing remarks, **Mr. Thomas Stelzer, Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs, United Nations Department of Economic and Social Affairs**, highlighted several key messages from the discussions. Firstly, the solid growth trend that has emerged on the African continent has instilled a great sense of optimism for many entrepreneurs and workers in the region. Secondly, despite these trends, too few people are unable to take advantage of new opportunities because of remaining obstacles. Thirdly, the informal sector in the region should be recognized as a source of entrepreneurship and income generation, while at the same time targeted by measures to help increase productivity and improve job quality. Fourthly, although not a silver bullet, access to financing is a key challenge, particularly for those working in rural or informal sectors. He noted a few of the successful country experiences put forward, such as Ethiopia's strategy of prioritizing investment in specific sectors, as well as successful partnerships in Zambia which have expanded the space for sustainable business development and helped to build market demand for green services. In regard to young people, Mr. Stelzer noted the United Nations Secretary-General's announcement of the appointment of a Special Representative on youth, which will help put young people at the centre of the UN development agenda. Finally, he encouraged Ministers and participants to remain engaged with ECOSOC throughout the Ministerial Review in July 2012 in New York, where Ethiopia will share the highlights of the discussions with the Council.

### **III. Conclusions and recommendations**

- Africa's solid growth has not been sufficiently inclusive to meet the employment needs of a fast-growing population. The future growth potential of the region is enormous, but will require a coherent set of policies to enhance different growth patterns.
  - Countries in the region could benefit from learning about each other's experiences, yet opportunities are limited for knowledge sharing and exchange of good practices.
  - The vast gaps in infrastructure throughout much of the region – particularly in energy, transport, and information and communications technologies – need to be addressed in order to open up markets and reduce constraints to SME development.
  - Entrepreneurs and SMEs need better access to credit. Direct provision of credit by public financial institutions, provision of guarantees for certain kinds of credit and joint public-private sources of financing are possible measures.
  - Youth and women merit specific attention in the discussion of enterprise development and job creation. Young people in the region today are better educated than any previous cohort.
  - Education systems should become more comprehensive and better linked to labour market needs. Technical and vocational education and training (TVET) should be better integrated into national education systems.
  - Human resource development should not be limited to formal education. Rather, skills in areas such as IT, management and entrepreneurship are often developed on the job. Informal apprenticeships should be factored into human resource development strategies.
  - Policymakers must carefully evaluate and implement strategies for encouraging the formalization of informal enterprises.
  - Social protection programmes can impact positively on the productivity of labour and firms. Social protection improves the productivity and employability of people. It also helps guarantee at least a minimum level of income security, which contributes to local economic development, job creation and investment.
  - The rural sector has unfulfilled potential as an engine of inclusive growth in the region.
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