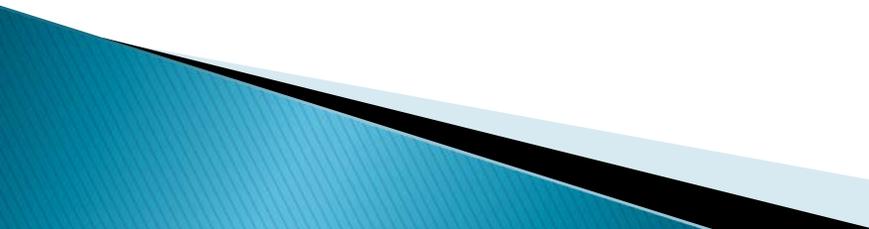


Promoting Productive, Job-Rich SMEs

SMEs as Drivers of Productive Capacity & Job Creation
ECOSOC Annual Ministerial Review
Talaat Abdel-Malek
Addis Ababa – 25 March 2012

Key African Job Challenges

- ▶ Despite good growth, job creation lagging behind
 - ▶ Demographic projections mandate quick actions based on integrated strategy
 - ▶ Future growth potential enormous but pattern of growth must change
 - ▶ SMEs can contribute substantially if bottlenecks resolved
 - ▶ Youth and women are priorities
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Meeting the Challenges – 1

- ▶ **1. Government** should be part of the solution
 - Some actions: simplify registration requirements for SMEs, and create one-stop centre
 - Improve business and legal environment: tax laws; time-limited incentives; better access to finance; do not criminalise payment default and simplify bankruptcy rules
 - Promote meaningful training and institutional capacity development
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Meeting the Challenges – 2

- ▶ 2. Process Africa's **raw materials** is a must. It generates jobs, attracts FDI, transfers technology, promotes strengthening of social services, engages the youth and women, and adds net value
 - ▶ 3. Encourage **tourism**. It is one of the most job-intensive industries everywhere: hotels, travel, handicraft, etc.
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Meeting the Challenge – 3

- ▶ 4. Promote **agri-business**. It contributes to developing rural economy, minimises migration to big cities, absorbs local youth and women into job market, and contributes to exports
 - ▶ 5. Deal with low **productivity**. Labour productivity is important but only part of the equation. What matters is enterprise productivity to become more competitive. Need for a holistic approach: access to low cost capital, business services, technical and managerial know-how and qualified personnel
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Meeting the Challenge – 4

- ▶ **Develop human resources.** Not by training alone!
 - ▶ For entrepreneurs: incubator models
 - ▶ For management: how to develop business strategy, plan, follow up, etc
 - ▶ For specialised skills: practice-oriented participatory training; internships
 - ▶ Involve large businesses through internships, supply chain opportunities, quality standards
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Conclusions

- ▶ Develop an **integrated plan**, nationally and by sector. Piece-meal approaches do not work
 - ▶ Establish time-bound **goals** and progress indicators
 - ▶ **Distinguish** between the “S” and “M” in terms of needs
 - ▶ Provide **incentives** promoting change: hiring youth and women, awards, tax holidays, etc
 - ▶ Benefit from other countries experiences..
South-south co-operation
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