

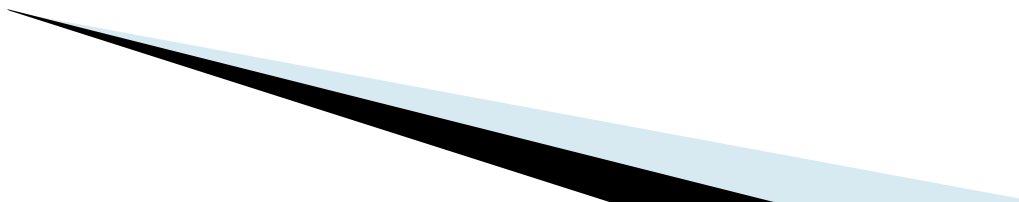
Promoting Productive

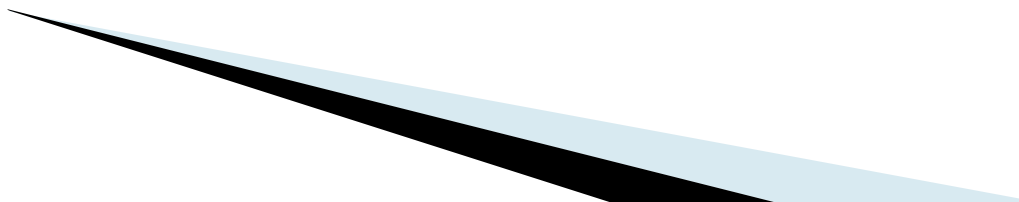
SMEs as Drivers of Productive Capacity & Job Creation

ECOSOC Annual Ministerial Review

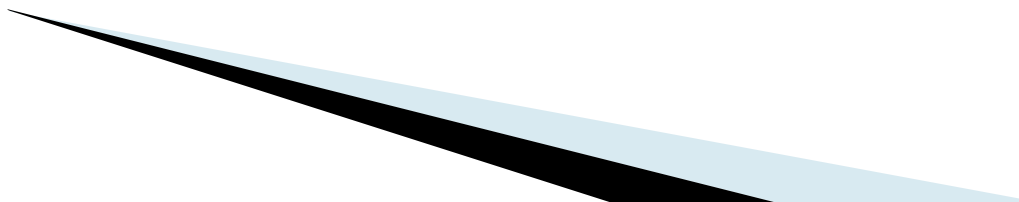
Talaat Abdel - Malek

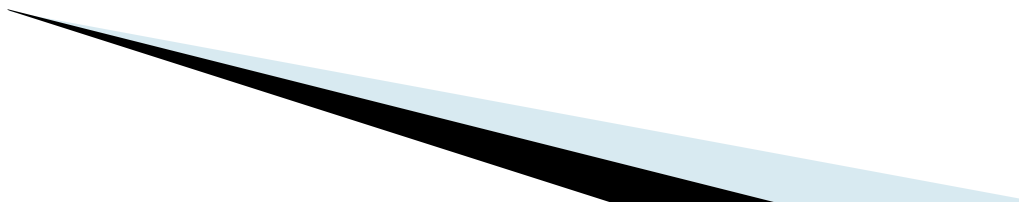
Addis Ababa – 25 March 2012

- 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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- 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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- 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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- 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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- 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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- 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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