



Africa Industrialization Day 2015

SMEs for Poverty Eradication and Job Creation for Women and Youth

DRAFT BACKGROUND DOCUMENT





Abstract

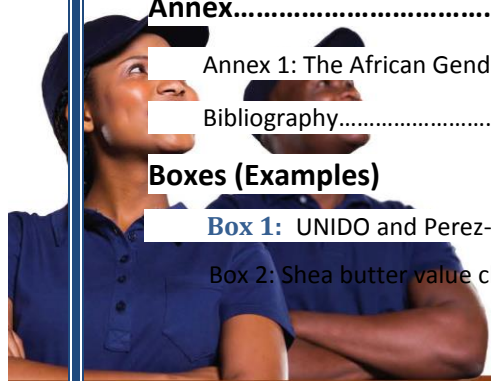
The objective of this paper is to demonstrate that since SME development is the most efficacious way to generate income, stimulate employment and ultimately eradicate poverty in developing and transition countries, initiatives should be piloted towards cultivating this specific constituent of the private sector. The most constructive way to fully secure and pioneer the progress of this sector is to enrich the productive capacities and engagement of youth and women in the labour market. More resources should be invested in addressing the challenges faced by this marginalized segment of society in the market place and emphasis should be drawn on enhancing human capital to effectively harness their abundant potential. In this regard, women and youth are pivotal agents in accelerating inclusive and sustainable development and innovation to advance Africa's much desired macro-economic and social revolution, which would further cement the continent's rightful place as an instrumental strategic player in the emerging global economic order.





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Introduction

In his address to the 66th General Assembly titled “We the peoples” on the 21st of September 2011, Secretary General Ban Ki-moon stated that, “saving our planet, lifting people out of poverty, advancing economic growth... these are one and the same fight. We must connect the dotsSolutions to one problem must be solutions for all”¹. It can be deduced that in order to unearth solutions to eradicate poverty, the intrinsic and fundamental causes of this overarching development challenge should be exposed in all its intricacies and subsequently addressed. Unemployment and poverty are closely associated and therefore the prior can be attested as one of the fundamental determinants of the latter. It can be construed that in general poor people derive a vast proportion of their income from employment whether they are subsistence farmers, salaried workers, or self-employed entrepreneurs. This focal point expounds on the notion that the level of employment, the quality of jobs and the access, which the poor have to decent income opportunities are consequently imperative determinants of poverty eradication.

In this regard, as mandated by the UN General Assembly resolution 44/237 of the 22nd of December 1989, Africa Industrialization Day (AID) is celebrated annually on the 20th of November. AID functions as a global platform engaging strategic dialogue and re-affirming the international community’s commitment to stimulate industrialization and economic empowerment in the African Region. UNIDO plays a pivotal role in orchestrating and coordinating the events pertaining to the AID due to its steadfast commitment in providing technical cooperation to African governments on industrial development issues. This year UNIDO will convene a symposium under the theme “SMEs for Poverty Eradication and Job Creation for Women and Youth”. It will rally representatives from the diplomatic corps, the private sector, non-governmental organizations and other pertinent stakeholders. This year’s theme is particularly imperative as the African Union Assembly of Heads of State and Government declared 2015 the Year of Women’s Empowerment & Development towards Africa’s agenda 2063. It is additionally positioned subsequent to the adoption of the Common Africa Position of the post 2015 development agenda (CAP), which vehemently advocates for ‘people centered development’ promoting gender equity, women’s empowerment and harnessing the untapped potential of younger generations.

Moreover, 2015 marks a significant milestone in development initiatives. It is situated amidst, the African youth Decade Plan of Action (2009-2018) and the African Women’s Decade (2010-2020), which were both formulated by the Africa Union Assembly in the years 2009 and 2010 respectively. These initiatives are geared towards accelerating youth and women’s empowerment and development. More specifically, the UNIDO symposium will provide an arena for experts to deliberate on concerns associated with SMEs pertaining particularly to women and youth in line with the organization’s mandate as delineated in the Lima Declaration 2013, which incited the UNIDO’s impetus towards inclusive and sustainable industrial development (ISI-D).

¹UN News Centre (2011) Address to the 66th General Assembly: "We the Peoples", Available at: http://www.un.org/apps/news/infocus/sgspeeches/statments_full.asp?statID=1310#.ViX1p_mqpBc



Background

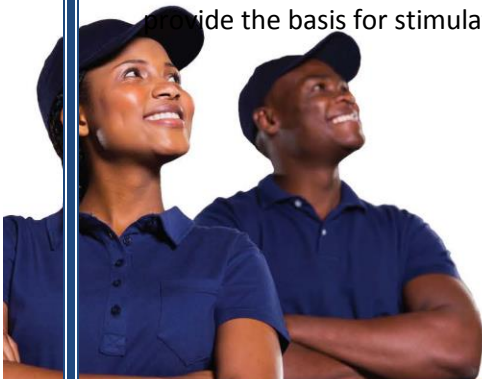
Outcomes from preceding AIDs

Theme: “Job Creation and Entrepreneurship: A Means to Accelerate Industrialization in Africa” in 2013

Outcome: UNIDO added value and revitalized the global debate on Africa’s major developmental challenges with a focus on “Job Creation and Entrepreneurship Development a means to accelerate industrialization in Africa” as the theme of this year’s symposium. During the symposium participants agreed to: entrench their political commitment towards the generation of jobs and youth inclusion; augment the linkages between education and market requirements; enhance strategic vocational training and internship programmes to stimulate an entrepreneurial culture; and target national strategy and best practices to encapsulate an extensive regional sub-regional context.

Theme: “ISID and African Agro Industry for Food Security” in 2014

Outcome: UNIDO re-invigorated the deliberations on the imperativeness of agro-industrial development in the food system. It was concluded that agribusiness is a significant tool in empowering vulnerable communities to improve their levels of food security in order to achieve a sustainable food system. More specifically, discussions affirmed that since agribusiness is categorized as a substantially labour intensive sector it encompasses the potential to generate a wealth of jobs and income. In addition to this, recognition was made on the ability of this sector to bolster forward and backward linkages to further advance economic transformation. Further emphasis was drawn on the importance of addressing the needs of vulnerable groups. Thus equipping them with necessary assets and transforming the supply chain into a well-functioning and pro poor food route to subsequently increase food security and as a consequence mitigate poverty. It was decided that strategies directed towards fostering access to modern technology and exchange coupled with enhanced partnerships and optimized bankable project will provide the basis for stimulating agricultural capacity and developing agribusiness in its entirety.





Global and continental development strategies governing this year's AID

Sustainable Development Goals (SDGs) and the 2030 agenda for sustainable development

At the Sustainable Development Summit held on the 25th of September 2015, the United Nations General Assembly instituted a new set of Sustainable Development Goals and adopted the 2030 Agenda for Sustainable Development. This framework comprises of 17 goals and 179 targets to alleviate poverty, combat inequality and address the emerging challenges presented by climate change. The SDGs endeavor to institutionalize the human rights of all and strive to achieve equity and the empowerment of women and girls. They are integral to the dynamic paradigms of sustainable development, which include the economic, the social and the environmental.



In this regard, the UNIDO's ISID mandate played a pivotal role in promoting the inclusion of industrialization within the SDGs. Consequent to the formalization of the SDGs, UNIDO has been recognized as one of the first agencies to promote SDG 9. The UN Open Working Group on Sustainable Development Goals (SDGs) has proposed goal 9 to "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation". This emphasis on goal 9 has been increasingly globally relevant, it confirms the provisions of the Lima Declaration and the pertinence of ISID in the emerging global development discourse. It is imperative to note that, manufacturing in particular is a consequential employer, accounting for an estimated 470 million jobs worldwide in 2009 and 16 per cent of the global workforce of 2.9 billion². In addition, industrialization's job multiplication effect has increasingly optimistic impacts on society as a whole. In this respect, it has been construed that every one job in manufacturing

² UN (2015) Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation, available at: <http://www.un.org/sustainabledevelopment/infrastructure-industrialization/>

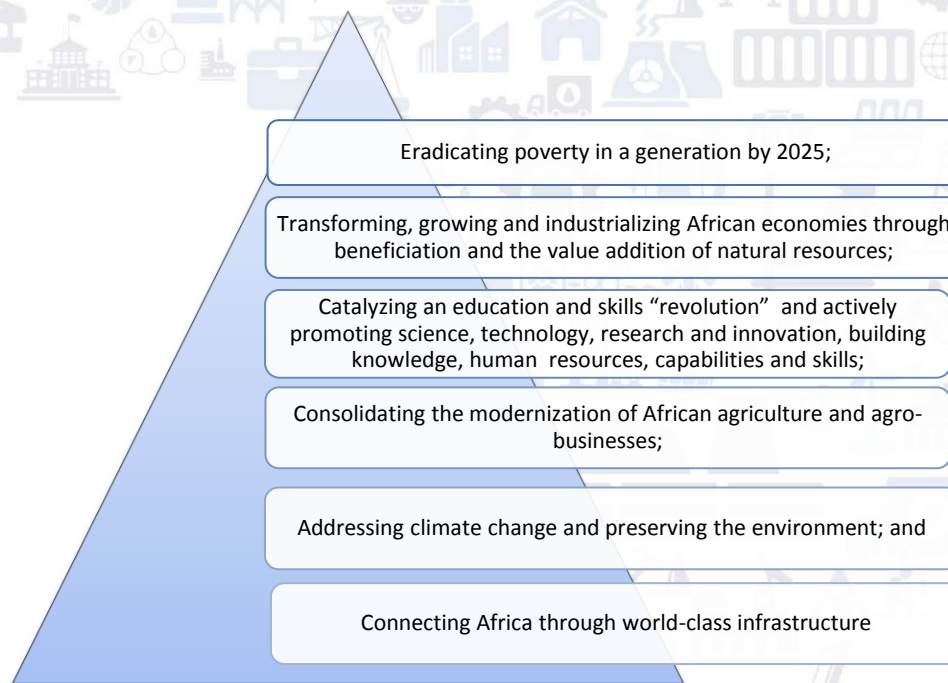




generates 2.2 jobs in other sectors³. This is particularly important within the context of this year's AID and its emphasis on SMEs, as small and medium-sized enterprises that engage in industrial processing and manufacturing are considered vital for the preliminary stages of industrialization and are characteristically the largest job creators. Globally, they constitute of over 90 per cent of business and account for between 50-60 per cent of employment⁴.

African Union (AU) Agenda 2063

The Sustainable Development Goals (SDGs) are closely aligned to the African Union (AU) Agenda 2063. This agenda can be delineated as “a global strategy to optimize the use of Africa’s resources for the benefits of all Africans”⁵. The AU Agenda accentuates the need to implement continental strategies for industrialization in Africa, including the African Union Action Plan for the Accelerated Industrial Development of Africa (AIDA), initiatives to enrich agribusinesses, SMEs and the private sector, regional and commodity value chains, green economies and the productivity agenda for Africa. The six priority areas and specific targets of the AU Agenda 2063 associated to industrial development are as follows:



³ UN (2015) Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation, available at: <http://www.un.org/sustainabledevelopment/infrastructure-industrialization/>

⁴ UN (2015) Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation, available at: <http://www.un.org/sustainabledevelopment/infrastructure-industrialization/>

⁵ African Union (2014) Agenda 2063 Vision and Priorities, Available at: <http://agenda2063.au.int/en//vision>



Overview of the economic participation of women and youth in Africa

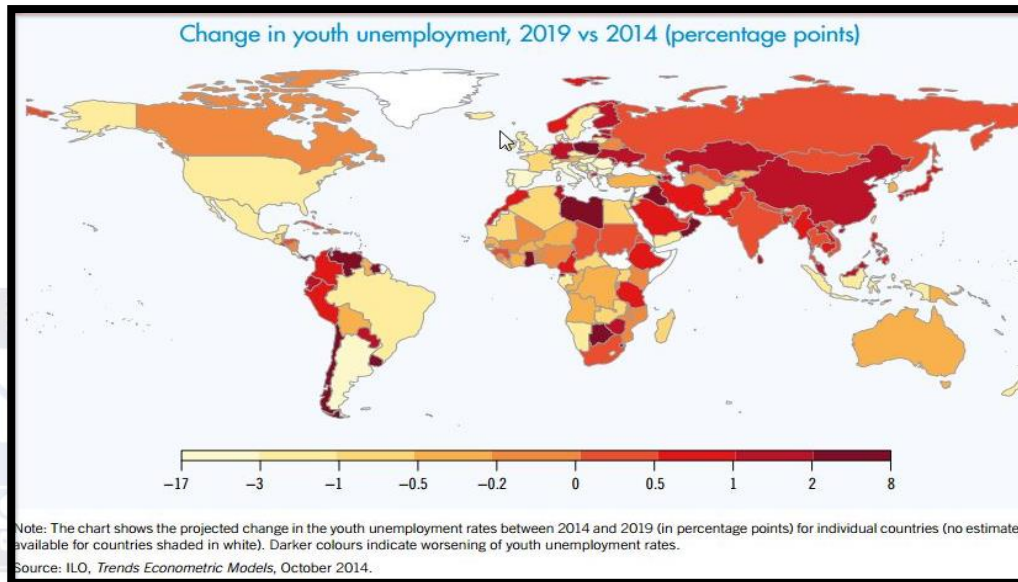
Despite the seismic shifts in the global economic sphere, Africa has experienced a burgeoning economy and seen significant progresses in its Human Development Indicators. However, these optimistic developments have been hampered by several challenges: increasing youth unemployment and a mounting gender disparity. Unemployment and economic disempowerment remain as predominant obstacles towards Africa's industrialization and economic growth, especially unemployment amongst disenfranchised groups namely, youth and women. In order for the African region to transition into a prosperous continent with high quality growth, sound economic and industrial policies should be geared towards providing economic and employment opportunities for all, with a particularly emphasis placed on marginalized communities and groups⁶. More specifically, it is imperative to note that youth and gender in particular constitute the largest and the weakest segment of least developed countries (LDCs) populations. As a continent, Africa harbors the majority of the least developed countries with 34 countries out of the 48 listed as LDCs in the year 2015. The Istanbul Programme of Action (IPoA) 2011 for least developed countries has identified youth as a fundamental asset for LDCs in their quest towards graduation. Once the potential of young generations is maximized and they are able to fully engage both economically and socially, this can have optimistic bearings on society, serving to assist these regions in tackling the overwhelming challenges impeding their socio-economic transformations. In addition to the enhancement of youth socio-economic participation, gender equity and the empowerment of women and girls were determined as vital to achieving better development outcomes, including all the internationally agreed development goals as well as the sustainable development goals. In this regard, gender equity and the empowerment of women are considered to be essential towards social and human development and the eradication of poverty in least developed countries. Therefore, operational strategies piloted towards enhancing the capacities of these vulnerable communities are imperative for the overall inclusive and sustainable development of not merely least developed countries but for the African region as a whole.

⁶ African Development Bank (2013) At the Center of Africa's transformation: Strategy for 2013-2022, Available at: [http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/2015/PDF_Chapters/AfDB_2013_At_the_Center_of_Africas_Transformation - Strategy for 2013-2022.pdf](http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/2015/PDF_Chapters/AfDB_2013_At_the_Center_of_Africas_Transformation_-_Strategy_for_2013-2022.pdf)





Youth unemployment and Africa's demographic dividend



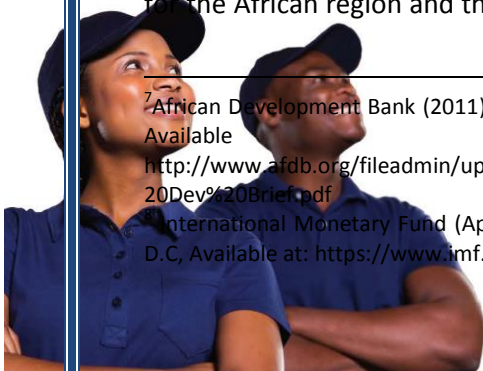
Africa has increasingly been labeled as the world's youngest continent, as the continent harbors a large young demographic with the proportion of youth among the region's cumulative population being higher than in any other continent. At present, the youth in Africa, comprise of over 20% of the continent's population, with close to 70% of its population aged below the age of 25⁷. In particular, over the course of the next 20 years, due to declining mortality and fertility rates, sub Saharan Africa has been identified as the central source of new entrants into the global labour force. The International Monetary Fund (IMF) projects that by the year 2035, the number of Africans entering the working age population, ages 15 to 64 will surpass that from the rest of the world combined⁸. The ongoing trend in this demographic transition that has been experienced by most African countries has exemplified potentially significant implications for the African region and the global economy as a whole. For

Unemployment developments, 2007-17 (percentages)						
Country/region	2007	2013	2014	2015	2016	2017
World	5.5	6.0	5.9	5.9	5.9	5.9
G20 Economies	5.0	5.7	5.6	5.6	5.6	5.6
G20 Advanced Economies	5.7	8.4	7.7	7.4	7.2	7.0
G20 Emerging Economies	4.8	4.9	5.0	5.1	5.1	5.2
Developed Economies and the European Union	5.8	8.5	7.8	7.5	7.3	7.1
Australia	4.4	5.7	6.0	5.9	5.7	5.6
Canada	6.0	7.1	6.9	6.7	6.6	6.6
Japan	3.9	4.0	3.7	3.6	3.6	3.7
United States	4.7	7.4	6.2	5.9	5.5	5.2
European Union	7.2	10.9	10.2	9.9	9.7	9.5
France	8.0	10.4	9.9	10.0	10.0	9.9
Germany	8.6	5.3	5.0	4.7	4.9	5.0
Italy	6.1	12.2	12.5	12.6	12.5	2.3
United Kingdom	5.4	7.5	6.3	5.9	5.7	5.5
Central and South-Eastern Europe and CIS	8.2	7.8	7.7	7.8	7.8	7.8
Russian Federation	6.0	5.5	5.1	5.3	5.4	5.4
Turkey	10.3	9.7	9.2	9.2	8.9	9.0
Middle East	10.2	10.9	11.0	11.0	10.9	0.8
North Africa	11.4	12.4	12.5	12.5	12.5	2.5
Sub-Saharan Africa	7.8	7.7	7.7	7.7	7.7	7.7
South Africa	22.3	24.6	25.1	25.0	24.9	4.8
Latin America and the Caribbean	6.9	6.3	6.6	6.8	6.9	6.8
Brazil	8.1	6.5	6.8	7.1	7.3	7.3
Mexico	3.4	4.9	4.9	4.8	4.5	4.3
East Asia	3.8	4.5	4.6	4.8	4.9	4.9
Republic of Korea	3.2	3.1	3.5	3.5	3.5	3.5
South-East Asia and the Pacific	5.5	4.3	4.3	4.3	4.2	4.2
Indonesia	9.1	6.2	6.2	6.1	5.9	5.8
South Asia	4.0	3.9	3.9	3.9	4.0	4.0

Note: The table shows unemployment rate estimates and projections at the global and regional levels as well as for selected G20 countries.

⁷African Development Bank (2011) Enhancing Capacity for Youth Employment Available at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Africa%20Capacity%20Dev%20Brief_Africa%20Capacity%20Dev%20Brief.pdf

⁸International Monetary Fund (April 2015) Regional Economic Outlook: Sub Saharan Africa Navigating Headwinds, Washington, D.C, Available at: <https://www.imf.org/external/pubs/ft/reo/2015/afr/eng/pdf/sreo0415.pdf>



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the region, the ramifications of the present trends of increasing population growth coupled with the emerging demographic transition has translated into the potential for a more accentuated increase in the share of the working age population. In terms of the global economy, as the rest of the world has progressively epitomized an aging population demographic, the integration of Africa's young demographic into global supply chains has been advocated as economically beneficial to bolster higher global growth. Therefore, since current trends anticipate the world's working age population, excluding that of Africa's to begin to decline by 2050, the continent has been recognized as the driving force of global population growth in the future.

However, this potential for growth and socio-economic development in Africa is increasingly under threat due to the overwhelming challenge of youth unemployment in the region. Youth unemployment has persisted as an obstacle globally, impeding progress towards achieving sustainable development and prosperity. The global youth unemployment rate reached 13.0% in 2014, which is almost three times higher in comparison to the employment rate for adults. More specifically, young people aged between 15 and 24 continue to be susceptible to shocks in the global market sphere and are frequently disproportionately hit by the economic milieu. Future predictions by the International Labour Organization (ILO), project the unemployment rate to increase to 13.1% in 2015 and thereafter remain unchanged through 2018⁹. In terms of the labour market in Africa, the youth comprise of 37% of the aggregate labour force and an estimated 60% of overall unemployment.

Although many jobs have been generated in Africa, there has been insufficient employment capacity to accommodate the number of young people in search of work. The ILO estimates that between 2000 and 2008 Africa produced 73 million jobs, but merely 16 million for young people aged between 15 and 24¹⁰. As a consequence, many young Africans are increasingly unemployed or, more frequently, underemployed in informal jobs with low productivity and minimum pay. According to ILO estimates, a projected 90% of the region's jobs are predicated in the informal economy. One of the predominant factors hindering the productivity of young workers is their inadequate technical and entrepreneurial skills coupled with the lack of information pertaining to job prospects and market requirements.

⁹ International Labour Organization (2015) World Employment Social Outlook: Trends 2015, ILO office, Geneva, Switzerland, Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_337069.pdf

¹⁰ International Labour Organization (2015) World Employment Social Outlook: Trends 2015, ILO office, Geneva, Switzerland, Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_337069.pdf



Prevailing economic disempowerment of women



In Africa, women have been more actively engaged as economic agents relative to women residing in many other regions across the globe. They have been involved in the majority of agricultural activities, procure ownership of a third of all firms and in some countries they constitute an estimated 70% of employees. Apart from their income-generation activities, they are crucial to the household economy and welfare of their families, and they increasingly play an instrumental role in adding value to their communities and nations. However, across Africa women are continually disenfranchised and suffer from higher rates of unemployment and lower rates of employment. They face higher risks of vulnerable employment, i.e. being self-employed or a contributing domestic worker. In addition to the discrimination endured by women in the economic sphere, these gender gaps have represented a substantial depletion in income and economic enhancement. The regions with the largest gender disparities, incur income losses of up to 30% of GDP per capita in relation to a scenario where gender gaps in employment and labour

participation would be lowered to the global average.

In particular, although the African region has noted optimistic achievements in terms of decision making, women as the largest proportion of the continent's population persistently lack economic agency and still remain increasingly at-risk and impoverished in the region. They face multifaceted barriers in their pursuit of achieving their full economic potential. These range from restrictive cultural practices to discriminatory laws and highly segmented labour markets. In addition, these challenges have been spearheaded due to many factors, these include but are not circumscribed to: social, economic, cultural and political marginalization; gender based violence and discrimination; terrorism; conflict; and fundamentalism. Eradicating gender inequities and enhancing the economic empowerment of women could incite the potential to stimulate the productive capacities of one billion Africans¹¹ thereby providing an immense stimulus to the continent's development prospective.

¹¹ African Development Bank (2015) Empowering African Women: An Agenda for Action, Africa Gender equality index, Available at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African_Gender_Equality_Index_2015-EN.pdf





Macro-economic and social implications of the labour market gender disparity

'We cannot build dynamic African countries, if women and girls, who form the majority of the population, remain marginalized or excluded. Despite some of the strides made with regards to gender equality and the empowerment of women, we still have a long way to go. Africa can and must do better',



Carlos Lopez, Executive Secretary, United Nations Economic Commission for Africa (UNECA), at the Ministerial segment of the Regional Conference on the review of the Beijing Platform for Action (BPfA), Addis Ababa, November 2014

GDP Per capita losses:

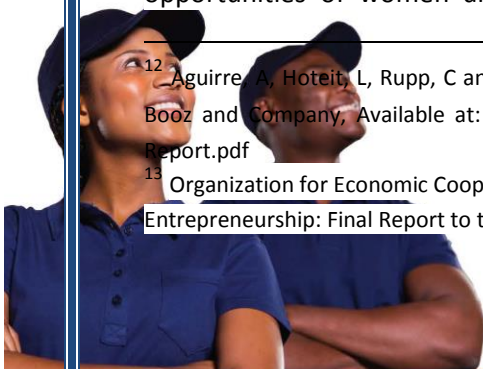
At present, GDP per capita losses attributable to gender discrepancies in the labor market have been estimated at 27% in several regions. There is substantial evidence and literature to support the conclusion that when women are able to augment their full engagement and potential in the labor market, there can be significant macroeconomic gains. Studies have highlighted that stimulating female employment to meet male employment levels can subsequently have a direct impact on GDP growth rates, increasing these rates by an estimated 34% in some countries. Accordingly, if discriminatory barriers against women are eliminated in these countries the productivity rates pertaining to these regions have been projected to increase by as much as 25%. In this regard, based on ILO statistics out of the 865 million women globally that have the potential to effusively contribute to their national economies, a significant proportion amounting to 812 million reside in emerging and developing nations¹². Therefore, many studies have concluded that 'when women work, economies grow'¹³, improvements in female labour force participation or similarly reductions in the gender gap results in accelerated economic growth. In particular, in rapidly aging economies, higher female labor force participation exemplifies the potential to bolster growth by mitigating the impact of a contracting workforce. In addition, better opportunities for women can moreover translate into broader economic transformation and social enrichment in developing and transition economies.

Depletion in productivity, income generation and sustainability:

It is imperative to note that on the one hand, women and girls can endure a significant proportion of the continent's burdens and on the other hand they can contribute vastly towards economic development as they epitomize a disproportionately high potential as income generators. Increasing the capabilities and opportunities of women and girls collectively can augment the productivity and participation of an

¹² Aguirre, A, Hoteit, L, Rupp, C and Sabbagh, K (2012) "Empowering the Third Billion. Women and the World of Work in 2012", Booz and Company, Available at: http://www.strategyand.pwc.com/media/file/Strategyand_Empowering-the-Third-Billion_Full-Report.pdf

¹³ Organization for Economic Cooperation and Development (2012), Gender Equality in Education, Employment and Entrepreneurship: Final Report to the MCM, Available at: <http://www.oecd.org/employment/50423364.pdf>. p. 17





extensive segment of the African population. To stimulate women's enterprise and economic opportunities, emphasis should be drawn on the dynamic paradigms of knowledge accentuation, skills development and legal and property rights as a precursor towards these measures. Moreover, amplifying the economic opportunities for women is considered an instrumental facet in driving economic competitiveness, as economies that harness the energy, talent and expertise of women are shown to exceedingly outperform similar economies that do not utilize women as agents for socio-economic development. In addition, women are inclined to embody a smaller ecological footprint in comparison to their male counterparts. Their production and consumption patterns are increasingly considered as being more resource efficient, they are regarded as more likely to recycle and they make more sustainable decisions for their households and business ventures. Therefore, it can be construed that the enhanced roles by women in economic decision making has optimistic effects on sustainable and inclusive economic advancement.

Sectoral bearings and effects on Agricultural productivity:

Women comprise an average of 43% of the agricultural labour force in developing countries, with variation across certain regions from 20% or less in Latin America to 50% or more in areas of Asia and parts of Africa¹⁴. Despite the regional and sub-regional discrepancies in the agricultural labour force participation rates of women, they function as pivotal contributors to the agriculture sectors across the developing world. At present, women control less land as farmers than their male counterparts and they have continuously been at a disadvantage in the market place due to limited access to inputs, seeds, credits and extension services. According to the Food and Agriculture Organization (FAO) less than 20% of landholders are women¹⁵. These gender inequities in access to land and credit affect the relative ability of female and male farmers as well as entrepreneurs to invest, operate to scale, benefit and capitalize on new economic opportunities. In this regard, it is imperative to note that according to the World Health Organization (WHO), women are responsible for household food preparation in 85 to 90% of cases surveyed in a wide range of countries therefore their economic engagement is fundamental to molding a better sustainable standard of living and quality of life¹⁶. In effect, studies have advocated that providing women with the necessary resources and presenting equitable opportunities for both women and men in the economic landscape can boost productivity, particularly in agriculture, and contribute to the overall mitigation of inequality.

¹⁴ Food and Agriculture Organization (2014) State of Food and Agriculture. p. 35, Available at: <http://www.fao.org/3/a-i4040e.pdf>

¹⁵ UN Women (2015) Facts and Figures: Economic Empowerment, Available at: <http://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures#notes>

¹⁶ World Health Organization and United Nations Children's Fund (2014) Update: Progress on Sanitation and Drinking Water, p. 8–9, available at: http://whqlibdoc.who.int/publications/2010/9789241563956_eng_full_text.pdf?ua=1



Subsequent impacts on children and the wider community:

Evidence from a range of countries portrays that increasing the share of household income controlled by women, either through their own earning or cash transfers, amends spending in ways that benefits children. Providing basic services and tools to augment the socio-economic engagement of women will ease their burden and allow them to utilize their time for more productive activities¹⁷. In this regard, providing more women with a voice and enhancing their economic empowerment can instigate better outcomes for their children and enrich the domestic milieu. Research has explicated that women are more inclined than men to invest a significant proportion of their household income in the education and well-being of their children¹⁸. When women are equipped with the necessary skills and resources to heighten their economic empowerment, accumulate assets and increase their socio-economic security, they consequently enhance industrial capacity and incite economic growth, by generating new jobs, as well as expanding the pool of human resources and talents available on a continental and regional level.

Socio-economic benefits of youth economic empowerment

"Let us acknowledge and celebrate what youth can do to build a safer, more just world. Let us strengthen our efforts to include young people in policies, programmes and decision-making processes that benefit their futures and ours."



Secretary-General Ban Ki-moon message on International Youth Day, 12 August 2010

Contributes to the generation of a strong workforce:

At present, Africa has the youngest population in the world, with an estimated 200 million people aged between 15 and 24 years old. This figure is projected to continually rise in consecutive years as it is expected that the number of young people in Africa will double by the year 2045. More notably, between 2000 and 2008, Africa's working age population between the ages of 15 and 64 years expanded from 443 million to 550 million, this represented a 25% increment in employment in the region. In annual terms this growth amounted to 13 million, or 2.7% per year. It has been underscored that if this trend in employment generation persists in the long term, the continent's labour force will adhere to be 1 billion strong by 2040. This will position the region as the largest in the world, exceeding both China and India. Therefore, harnessing the economic potential of younger generations is an essential instrument towards the reinforcement of a robust and resourceful workforce.

¹⁷ World Bank (2012) World Development Report: Gender Equality and Development, p. 5, Available at: <http://siteresources.worldbank.org/INTWDR2012/Resources/7778105-1299699968583/7786210-1315936222006/Complete-Report.pdf>

¹⁸ UN Women (2015) Facts and Figures: Economic Empowerment, Available at: <http://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures#notes>



Mitigates poverty, enhances labour productivity & reduces instability:

As an overall estimate the costs of inadequate employment in general are considered substantially high. Poverty is an inevitable consequence of inadequate employment. On average, 73% of the youth population in Africa live on less than USD 2 per day. According to a World Bank survey, the incidence of poverty among young people in Nigeria, Ethiopia, Uganda, Zambia and Burundi in particular was estimated at over 80%¹⁹. The highest rates of poverty can be observed among young women and men habituating in rural areas. In this regard, the costs associated with poverty exacerbate development outcomes and impedes progresses towards socio-economic enhancements. The primary years in the labour market, the skills developed and the experience then accumulated considerably affect young people's future professional development. Long spells of unemployment or underemployment in informal work can permanently impair future productive potential and employment opportunities. For the minority of the youth population that manage to obtain a formal sector job, which offers increasing wages, initial unemployment can have significant adverse effects on lifetime earnings. In fragile states, the lack of adequate employment is among the predominant risks to the overarching stability of those regions.

The UNIDO's holistic approach to women and youth entrepreneurship development within the context of agenda 2030

"Intergovernmental negotiations for the post-2015 development agenda are still ongoing in the run up to its adoption at the United Nations Summit in September. Despite this fact, there seems to be an overarching consensus that poverty eradication imperative and that it can only be achieved through sustainable development, an area where UNIDO has a significant role to play."

Taizo Nishikawa, Deputy to the Director General of the United Nations Industrial Development Organization



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¹⁹ African Economic Outlook (2012) Promoting Youth Employment, Available at: http://www.africaneconomicoutlook.org/en/theme/youth_employment/

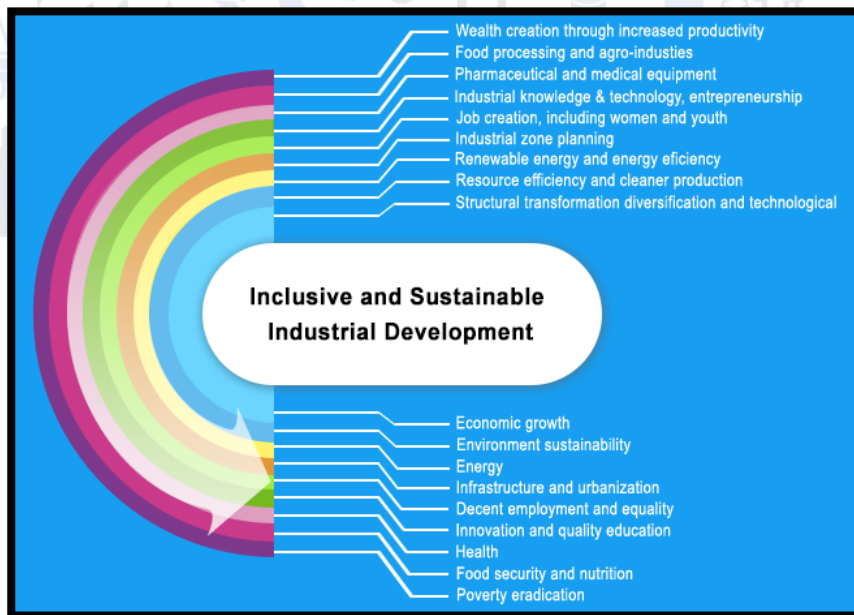




The UNIDO's Inclusive and Sustainable Development (ISID) mandate

Overview of ISID

Over the preceding years, the international community has made a significant leap in advocating new approaches to stimulate progress and orchestrate the way forward for a more enterprising, inclusive and universal development architecture beyond 2015. While industrialization was not incorporated into the framework of the Millennium Development Goals (MDGs), inclusive and sustainable industrialization has been a predominant constituent in the discourse pervading around post-2015 development agendas. UNIDO's ISID mandate was institutionalized at the 15th session of the organization's General Conference in Lima, Peru and has been imputed with promoting value addition, recognizing productivity gains and returns to scale, generating employment and income, advancing international competitiveness and trade,



enhancing productive capacity, bolstering economic diversification, and stimulating green industries. This structural revolution unearths an extensive development capacity it establishes linkages to infrastructure development, innovation and the efficacious and sustainable utilization of resources, as well as to a

broad range of other sustainable development priorities. To successfully implement ISID in the present era of globalization UNIDO has identified that approaches should be focused on harnessing globally available knowledge, technology, innovation, and capital.





UNIDO (2015) ISID operation platform, available at: <https://isid.unido.org/about-isid.html>

In this regard, ISID has been guided by four overarching principles:

- I. No one is left behind in benefiting from industrial growth, and prosperity is shared among all parts of society in all countries as industry creates the wealth needed to address critical social and humanitarian needs.
- II. Every country is able to achieve a higher level of industrialization in their economies, and benefits from the globalization of markets for industrial goods and services.
- III. Broader economic and social progress is supported within an environmentally sustainable framework.
- IV. The unique knowledge and resources of all relevant development actors are combined to maximize the development impact of ISID.

Operationalizing ISID

In line with UNIDO's ISID mandate, the organization's programmatic emphasis has been accordingly formulated around three fundamental domains of activity, each of which signify diverse components of ISID, these include creating shared prosperity, advancing economic competitiveness and safeguarding the environment.



UNIDO (2015) ISID operation platform, available at: <https://isid.unido.org/about-isid.html>





UNIDO and the Private sector

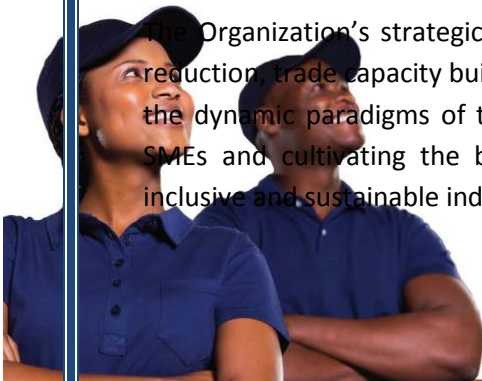
UNIDO has identified the private sector's critical role in poverty reduction and the achievement of the priorities outlined in the SDGs through the sector's extensive capacity in accelerating economic growth and generating employment. Industrial development steered by the private sector plays a vital role in providing the pertinent structural transformations that are essential for economies in poor countries towards their overarching objective of achieving sustained economic growth. Industry has been fundamental in entrepreneurship development, promoting business investments, fostering innovative technology, cultivating human skills, and facilitating intersectoral linkages to foster the expansion of agriculture and services. These constituents are essential contributory factors towards enhancing sustainable productive capacities that can stimulate pro poor outcomes and enrich the living standards in poor countries. In this regard the UNIDO has been instrumental in providing its services to enhance the contribution of the private sector towards achieving sustainable development and poverty reduction.

UNIDO's main priorities in private sector development:

- Assist governments in cultivating a conducive business environment for private sector development, investment, technology and innovation
- Bolster the capacities of developing countries and provide expertise to enhance manufacturing enterprises to stimulate the competitiveness of industries in the private sector
- Support private and public institutions that encourage private sector advancement and institute initiatives for the promotion of sustainable business agreements
- Assist developing countries and economies in transition in obtaining and adapting to utilize innovative technologies
- Support and strengthen industrial cooperation by fostering linkages among enterprises, between enterprises as well as between suppliers and buyers to stimulate the inclusive integration of these constituencies into national and global value chains
- Administer support services that are required by SMEs to access financial and other pertinent resources in order to enhance competitiveness and expansion of SMES in various sectors
- Coordinate activities of the international network of ITPOs together with UNIDO operations to foster responsible business partnerships and augment development impacts.

UNIDO's interventions in SME development

The Organization's strategic emphasis is predicated around four thematic pillars, these include poverty reduction, trade capacity building, energy and the environment and cross cutting issues. UNIDO synergizes the dynamic paradigms of these pillars to efficacious implement programs and projects for developing SMEs and cultivating the business milieu in developing and transition economies to better achieve inclusive and sustainable industrial development.





Pillar I: Poverty reduction through productive activities

UNIDO's framework of action has been increasingly focused on the mitigation of poverty through productive activities to bolsters the initiatives of the African continent in addressing the overwhelming challenges exacerbated by poverty, which has often hampered their socio-economic transformations. It is additionally closely correlated with the related MDG of promoting gender equality and empowering women as means to tackle poverty, hunger and disease. More recently UNIDO's interventions in this area have been progressively aligned with the new SDGs and in this regard the organization has been providing tailor made services in its endeavor towards assisting countries in ending "poverty in all its form everywhere".

➤ **"Productive work for youth Approach"**

In line with this year's theme of "SMEs for poverty eradication and Job creation" for women and youth it is pertinent to highlight UNIDO's "Productive work for youth Approach", which addresses the challenges faced by young people in the labour market and aims to stimulate entrepreneurship development, employment and impel inclusive and sustainable industrial development.

Young women and men in many countries endure numerous supply and demand side constraints in their endeavor towards capitalizing on economic opportunities and engaging in productive activities: as a demographic they increasingly find it difficult to access capital to start-up or expand their business as they are perceived as high risk due to their age and limited entrepreneurial experience; in this regard business development services are often inadequate, hard to access, and are insufficient in addressing the particular needs of young entrepreneurs; they are often less knowledgeable about networks, markets and investment opportunities and sources of information in comparison to the older demographic in the labour force, and; the educational and training system does not equip them with adequate skills that are required to secure a job in the private sector. Therefore, limited private sector and SME development opportunities inhibits the transformative and value addition capacity entailed by these young populations.





In this regard, UNIDO has formulated an integrated approach to assist young people in developing sustainable enterprises and as a consequence attempts to amplify their economic empowerment and enrich their livelihoods. This approach is centered on the notion that industrialization is a major conduit for development, as it enhances productivity, facilitates job creation and boosts income generation.

In parallel with this approach, UNIDO has identified the limited absorptive capacity of the public sector as a fundamental deterrence to the economic empowerment of youth. This is due to the disparity between industry needs and skills of young graduates. Therefore, UNIDO has advocated the imperativeness of building linkages between universities and the private sector in order to bridge these discrepancies and address the mismatch between industry needs and required skills.

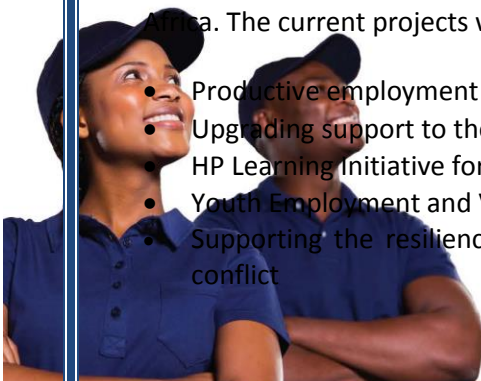


Source: UNIDO PTC/ITU/BIT (August 2015) Background on Productive work for Youth Approach for the UN General Assembly and High level summit of September 2015

Therefore, UNIDO has identified two solutions to generate market driven opportunities for young men and women, these include self –employment or entrepreneurship and employment in the formal private sector. With respect to pursuing self-employment, UNIDO provides financial and non-financial services to young entrepreneurs. Together with this, the organization provides assistance to governments and support structures in accommodating a conducive business for youth. Through these inclusive and sustainable solutions, UNIDO has successfully implemented projects on youth employment in several constituencies in the Africa Region, such as: Tanzania, Ethiopia, Mali, in the MENA region and in Tunisia. Accordingly, an additional four projects are set to commence in the year 2016 in Senegal, Niger and Zambia.

UNIDO has successfully engaged in the creation of youth employment opportunities in several regions in Africa. The current projects which the organization has instigated include:

- Productive employment for youth and women through MSMEs promotion in Ethiopia
- Upgrading support to the SPX Centre in Kenya
- HP Learning Initiative for Entrepreneurs (HP LIFE)
- Youth Employment and Vocational Training Centers capacity building in Senegal
- Supporting the resilience capacity of youth and women in Gao and Timbuktu regions after armed conflict





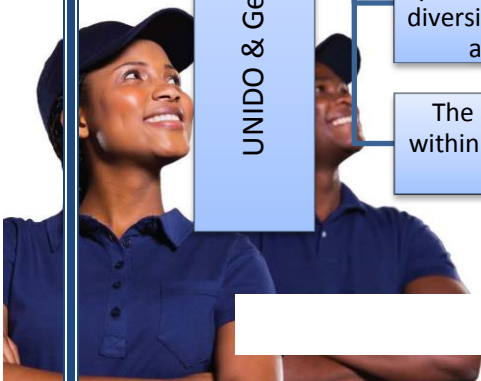
- Enhancing Youth Employability and Entrepreneurship in Tanzania” (part of the United Nations Joint Programme on Youth Employment 2015 – 2016, United Republic of Tanzania
- Promoting women empowerment for Inclusive and Sustainable industrial Development in the MENA region
- Facilitating youth employment through entrepreneurship and enterprise development in vulnerable regions of Tunisia: El Kef, Kairouan, Kasserine and Sidi Bouzid

➤ **Gender mainstreaming and the cultivation of female entrepreneurship**

In the labour market, women are increasingly confronted with insufficient government support in terms of policy, laws, and services, and in certain regions they only have limited access to formal bank accounts, which precludes them from accessing loans or credit. In addition in certain regions, women have fewer inheritance rights and in many countries legal demarcations between women and men severely restrict the economic opportunities available for women. Along with this, the limited education, skills training and career guidance coupled with the lack of technological know-how, access to contemporary and inexpensive technology, further precipitates the capacities of women in achieving their full economic potential and contributing towards a dynamic workforce.

UNIDO has advocated that gender equality and the economic empowerment of women have significant optimistic impacts on sustained economic growth and inclusive and sustainable industrial development. These factors are jointly considered as fundamental drivers of poverty mitigation, social integration and environmental sustainability. Therefore UNIDO has adopted gender mainstreaming in guiding the organization’s framework of action, as a fundamental strategy towards achieving gender equity and the subsequent empowerment of women.

As a result, the UNIDO has orchestrated a Policy which oversees that:





Box 1: UNIDO and Perez-Guerrero Trust Fund (PGTF) Africa regional networking project



Women Training Group, Malawi



Mushroom production, Malawi

The PGTF Africa regional networking project has been spearheaded by UNIDO in order to address the challenges associated with poverty in Sub Saharan African countries. This initiative has been geared towards strengthening the capacities of Private Sector Agencies and NGOs to generate sustainable employment opportunities through fortifying the base of women and youth entrepreneurial (WED/YED) programmes.

This project has been instigated in the five regions of Malawi, Kenya, Eritrea, Tanzania and Zimbabwe as poverty persists as a crucial obstacle towards inclusive and sustainable growth in these regions. UNIDO has been involved in providing assistance to these countries by enhancing human resource endowments and establishing an enabling environment for income-generation through entrepreneurial opportunities with increased access to productive resources, in particular for women and rural entrepreneurs. During the preceding five years, entrepreneurship development programmes directed towards women and youth in agri-businesses in Malawi, Kenya, Eritrea, Tanzania, and Zimbabwe have been technically supported by UNIDO with internal and external donor funding. These national programmes have been focused on establishing a base for entrepreneurship development in rural areas, where agriculture constitutes one of the major sources of livelihoods for the population. The approach adopted in these programmes included the Training of Trainers (ToTs), institutional capacity building and setting up market linkages and providing training in technical areas and inculcated business skills in women and youth.





➤ Agribusiness and rural entrepreneurship development

In many African countries agricultural production is one of the most fundamental economic sectors. Approximately 75% of Africans depend on this sector for their livelihoods and in this regard agricultural production has been considered closely associated with poverty mitigation in most of these regions. Many of these countries, particularly those with large rural populations often endure hardships emanating from inadequate access to food and insufficient employment opportunities. These challenges are exacerbated by the over reliance on outdated and deficient technologies, which have led to low productivity and stagnant economic growth. Industrial products generated by the agricultural sector account for half of the cumulative exports from developing countries, however merely 30 per cent of these exports encompass processed goods in relation to the 98% of processed in developed countries.

In order to address these challenges UNIDO provides technical cooperation assistance to developing countries and several regions in Africa more specifically, to add value to the output of their agricultural sector with the intention of stimulating employment prospects for rural entrepreneurs, and in effect bolstering food security and promoting the sustainable mitigation of poverty. Through the medium of technical assistance, UNIDO amalgamates resources with markets in the agribusiness value chains and reinforces forward and backward linkages in the industrial environment to advance economic transformation in countries in the African region, augment employment opportunities and income, and reinstate sustainable development in these communities.

In this regard UNIDO has directed activities towards assisting various segments of the African society. In particular, UNIDO has identified the integration of youth and women in competitive agro-based value-chains and creative industries as pivotal to inciting employment and contributing to the overall inclusive development of the continent. The organization has provided pivotal services in espousing and inspiring innovation and entrepreneurship with particular emphasis in the industrial application of traditional cultural products, in the service sectors, in community-based and green tourism, as well as in predominant sectors for food security and agricultural productivity. In this respect, UNIDO has championed the notion of the significance of innovative young entrepreneurs and women in fostering businesses in rural areas by processing agricultural resources and developing tourism opportunities. Therefore as a consequence, these entrepreneurs embody the potential to transform traditional agrarian societies into burgeoning entrepreneurial societies and in effect contributing towards the enhancement of sustainable and inclusive industrial development.





In order to efficaciously implement these measures and enhance SMEs in Africa, UNIDO promotes investment in agribusiness and value chain development; strengthens partnerships and linkages with strategic financing institutions; organizes various global forums and expert group meetings in pertinent areas; and publishes specialized training manuals, guides and electronic media. UNIDO mobilizes services pertaining to cluster development, conformity with quality and standards, rural energy, environment management, cleaner production and various other expert services to carry out its ISID mandate in this field of agri-business entrepreneurship development.

Box 2: Shea butter value chain development for women and youth in Guinea



Photo: Olivier Girard/CIET *Women and youth capitalizing on shea butter in Guinea*

Shea butter has been advocated as “women’s gold” for centuries, as it is an instrumental source in stimulating employment opportunities and income for millions of women across Africa. According to estimations by the UN Development Programme around three million African women are involved directly or indirectly in the shea butter trade chain, and, furthermore as articulated by The New York Times, it is estimated that shea butter exports from West Africa additionally accrues between USD 90 million and USD 200 million a year. In Guinea, shea butter has functioned as a crucial component of the region’s international trade. However, similar to the plight of other countries that produce shea butter, Guinea has been facing numerous impediments in the marketplaces, which have hampered the full mobilization of the potential of this source to accelerate economic development in the region.

To assist the enterprises in the shea butter sector and women and youth in particular, within the framework of the “support to the professional education and youth employment”, UNIDO in partnership with the Guinean government and funding from the Government Japan initiated a project in 2014, which has assisted in rehabilitating and equipping five cooperatives for the production and commercialization of shea butter. In this respect, UNIDO has provided hardware and comprehensive training to groups of women and youth in pertinent subjects in line with their activities to greatly enhance their productivity capacities.

The results of this initiative have been extensive and due to the expansion in production, the five cooperatives have created additional employment for more than 40 young people. To assist these cooperatives in the establishment of linkages with international buyers, UNIDO together with representatives from the Guinean government presented their products at the Beyond Beauty Exhibition in Paris in September 2015. At this event, the 100kg shea butter products brought from Guinea were sold in three days, and two international purchasers from the UK and the Saudi Arabia, expressed their interest in purchasing shea butter from this source.

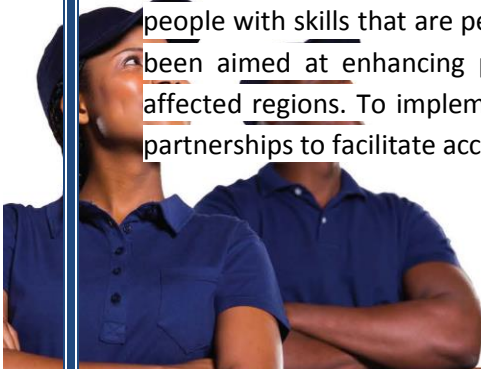


➤ Education and skills training

As articulated by Nelson Mandela, “Education is the most powerful weapon which you can use to change the world”. In line with this conceptualization, UNIDO has identified the imperativeness of education in accelerating development towards achieving the priorities outlined in various international agreements. The organization has geared customized initiatives towards supporting the development of entrepreneurial culture and skills with a special emphasis placed on enriching educational practices in order to fully utilize this tool as a vehicle for socio-economic transformation.

In this regard, UNIDO has been supporting an action-oriented Entrepreneurship Curriculum Programme (ECP) in secondary, technical schools and universities in order to equip young people with the necessary knowledge and skills, with a predication on enhancing youth technical and leaning capabilities to supplement their future careers. UNIDO assists authorities in formulating their own curriculum with syllabus, teachers’ guides, textbooks, monitoring and evaluation tools, assessment guidelines and training teachers. The ECP programme has assisted young people and students in particular in identifying business in their communities. Specific emphasis has been placed on the following aspects to “save, innovate, invest and grow”, and further resources are provided to inculcate students in the use of technology. This programme has been implemented in 11 countries across Africa and has benefitted a large proportion of young people. Currently the programme has reached out to young students in Angola, Côte d’Ivoire, Liberia, Mozambique, Namibia, Rwanda, Tanzania, Sierra Leone, Timor Leste and Uganda. Education and skills training are fundamental in fostering opportunities for young people, but these assets are particularly imperative for young girls who are at a greater risk of being left behind in several developing and transitioning economies. Within the context of this curricula program, girls and young women are encouraged to think laterally and adopt a non-conservative outlook on entrepreneurial initiatives to challenge traditional societal constructs and develop an optimistic attitude towards entrepreneurship and business ventures. By transcending gender limiting cultural norms and generating opportunities for all young people, the curricula program assists in constructing an arena in which female entrepreneurs can flourish, thereby espousing gender equity.

In addition, to bridge the gap between the mismatch in industrial skills and market requirements, UNIDO has identified and implemented several initiatives aimed at enhancing the marketable technical skills of young people. In this regard, the organization has assisted in the development of vocational training centers equipped with state-of-the-art methodologies, trained staff and facilities to provision young people with skills that are pertinent to the private sector needs. Other projects pioneered by UNIDO have been aimed at enhancing practical life skills of young vulnerable communities in poverty and crisis-affected regions. To implement these programs UNIDO has promoted the establishment of clusters and partnerships to facilitate access to information, technology, and markets for youth and women.





Success stories and results of the ECP

Mozambique

- 331 schools are currently implementing the programme
- 1,654 teachers have been trained, 21 % of them female
- 496,400 student have taken the course, 47% of them female
- 127,800 student had graduated by 2013, 45% of them female
- Student from rural and urban areas show equal commitment to the course
- 85% of students have acquired entrepreneurial skills
- 255 university instructors have been trained to train pre-service teachers
- 1,221 pre-service teachers have been trained, 40% of them female

Rwanda

- 1,400 teachers and school administrators have been educated in entrepreneurship and effective teaching methods
- 3,000 ECP teachers have been trained
- 534,712 students have taken the entrepreneurship course, 52% of them female
- 121,277 student have graduated so far

Namibia

- By 2010, the entrepreneurship curriculum was being implemented in all junior secondary school across the country
- In 2013, entrepreneurship was included in 624 schools (out of 633) offering the National Junior Secondary Certificate examination (at the end of grade 10)
- About 1,000 teachers are teaching entrepreneurship across 624 secondary schools across the country
- 4 senior secondary schools are piloting entrepreneurship curriculum

Caro Verde

- 2,43 student are enrolled in entrepreneurship course, 54% of them female
- 91 teachers have been trained to teach entrepreneurship, 48% of them female

Uganda

- Over 2,000 secondary schools across the country are implementing the ECP
- In 2012, a total of 14,000 student were enrolled in the course -80,000 in O-level secondary and 60,000 in A-level secondary schools

Angola

- 139 teachers have been trained and qualified to teach entrepreneurship
- 70 education officials have been trained in implementing the entrepreneurship curriculum
- National roll-out approved by the Government targeting 500,000 youth
- 9,800 students have taken the entrepreneurship course to date, 42% of them female
- An independent evaluation concluded that ECP students significantly increased their entrepreneurial knowledge, skills and intentions and were able to contribute to family savings and income





Pillar II: Trade Capacity Building

The imperativeness of enhancing the capacity of African economies to engage in global trade has increasingly been recognized as instrumental in advancing economic growth, generating employment and spring boarding measures towards eradicating poverty in its entirety. The capacity of these enterprises to compete and trade in the international market depends greatly on their abilities to integrate into global value chains that have been instrumented by transnational corporations. UNIDO has identified a twofold approach to foster the efficacious integration of these enterprises. On the one hand, this encompasses focusing on the supply side, assisting enterprises to manufacture products with enhanced export potential in terms of quantities and level of quality required to be industrially competitive in markets. On the other hand, this necessitates evidence of conformity to market standards, ensuring that quality of these products produced by enterprises conform to the pertinent international standards, in particular to private buyer demands, and technical specifications.

Pillar III: Energy and Environment

The challenges posed from global climate change have been an omnipresent concern in the international sphere. These adverse impacts of climate change have been more evident in developing and transition economies in Africa, particularly Least Developed Countries (LDCs), as many of these regions have inadequate capacities to cope with the consequent effects on agricultural output, labour productivity, health and internal displacement, which have been exacerbated from climate change.

In line with UNIDO's mandate, the organization has been a steadfast advocate of the promotion of cleaner production methodologies at systemic expanses in industrial development in order to tackle the challenges emanating from climate change. The organization actively engages with parallel bodied to promote resource efficiency and sustainable industrial energy strategies to support the inclusive and sustainable industrial development of enterprises at a continental level in Africa and around the world, thereby addressing climate change by diverting economies onto a low carbon path towards their overall development. Against the framework of ISID, UNIDO provides assistance to business and SMEs in particular through the organization's emphasis on resource-efficient and low-carbon industrial production; clean energy access for productive use; and capacity building for the implementation of multilateral environmental agreements.

Pillar IV: Cross Cutting Issues

UNIDO has highlighted specific mediums for stimulating and accelerating growth in developing and transition economies. These consist of: gender, least developed countries (LDCs) and south-south cooperation. The organization combines the preceding three pillars of poverty reduction through productive activities, trade capacity building and energy and environment in its formulation and implementation of projects and programmes in these constituencies. This year's AID theme and its focus on youth and women has been particularly relevant to UNIDO's activities in this area as the organization has recognized gender equality and the empowerment of women and youth as fundamental agents towards sustained economic growth and sustainable industrial development, which are drivers of poverty



reduction and social integration. In order to achieve the organization's priorities in these areas, UNIDO has engaged with the private sector to enhance SMEs through its productive work for youth approach and gender mainstreaming initiative coupled with its predication on agribusiness and educational enrichment.

Investing in human capital and labour resources “the way forward”

While poverty is still the central challenge of our world, we now have the means to eradicate poverty within the next generation.

- Li Yong, UNIDO Director General



At present Africa embodies the potential to have a comparative advantage in industrialization and growth by harnessing the continent's demographic dividend and capitalizing on the human resources at its disposal. For a majority of countries particularly in sub-Saharan Africa, the demographic transition is currently running its course, and in order to absorb a burgeoning labour force it is estimated that the region will need to generate high productivity jobs and employment capacity at an increased rate, an assessed 18 million per year until 2035 as proposed by the IMF²⁴. To harness the demographic dividend in the context of the mounting population growth and the increasing shares of the working age population, it is imperative to divert investments towards human capital, including in education and skills training that are instrumental in improving the productivity of the workforce, accelerating the demographic transition and enhancing the magnitude of the potential dividend. Therefore, policies centered on interlinked initiatives that capitalize on their synergies are vital towards maximizing the benefits from this dividend. These policies should be geared towards initiatives that facilitate the development of globally competitive labour intensive sectors, foster private sector development, promote household enterprises and bridge human capital gaps to stimulate employment and growth as an outcome of the process.

In order to further this structural transformation on a regional and continental level, Africa needs to invest in both youth and women as agents for development and fully employ their abundant potential for inclusive and sustainable growth. In this regard, it is imperative to address youth unemployment and the economic disempowerment of women, which have been predominant obstacles towards Africa's inclusive and sustainable development. The augmentation of Small and Medium Enterprises (SMEs) can be advocated as a solution to address these overarching development challenges as the private sector globally generates 9 out of 10 jobs. Moreover, Small and Medium Enterprises constitute the bulk of the private sector globally, including in developing regions where they stimulate the majority of employment and income. In this regard, Small and Medium Enterprises (SMEs) function as instrumental engines in

²⁴ IMF (April 2015) Regional Economic Outlook: Sub Saharan Africa Navigating Headwinds, Washington, D.C, Available at: <https://www.imf.org/external/pubs/ft/reo/2015/afr/eng/pdf/sreo0415.pdf>



generating employment and alleviating poverty in developing countries and transition economies. Despite increased initiatives to support SME development, entrepreneurs in developing countries still face challenges in raising capital and access to markets. This is not merely due to insufficient financial support for SME development, but additionally due to the lack of requisite business skills to build viable and sustainable business plans. As the informal sector is likely to remain as the leading source of income in the forthcoming years for many Africans, initiatives directed towards enhancing the productivity of the household enterprise sector and lowering the compliance costs for SMEs would be required in order to provide them with services that enable them to expand and grow.

In the current economic climate, substantial opportunities for further regional and global trade in Africa continue to be underutilized and increasingly untapped. Trade flows emanating from the African region remain to be lower than the rest of the world. In this respect, the region has demonstrated the potential to better integrate itself into global value chains. This is a process attributed to higher growth over a period of time despite the heterogeneity dispersed across many regions. In this regard, manufacturing, agriculture and agro-business have been observed as entailing the largest potential for deeper integration and registered progress. To leverage this potential it is necessary to invest in resources to improve the business climate and access to credit, cultivate SMEs and enrich the required human capital. Within the post 2015 development discourse, it has been increasingly evident that capitalizing on the productive capacities of women and youth in line with “building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation” are fundamental means to accelerate socio-economic advancement, generate employment and eradicate intergenerational poverty.

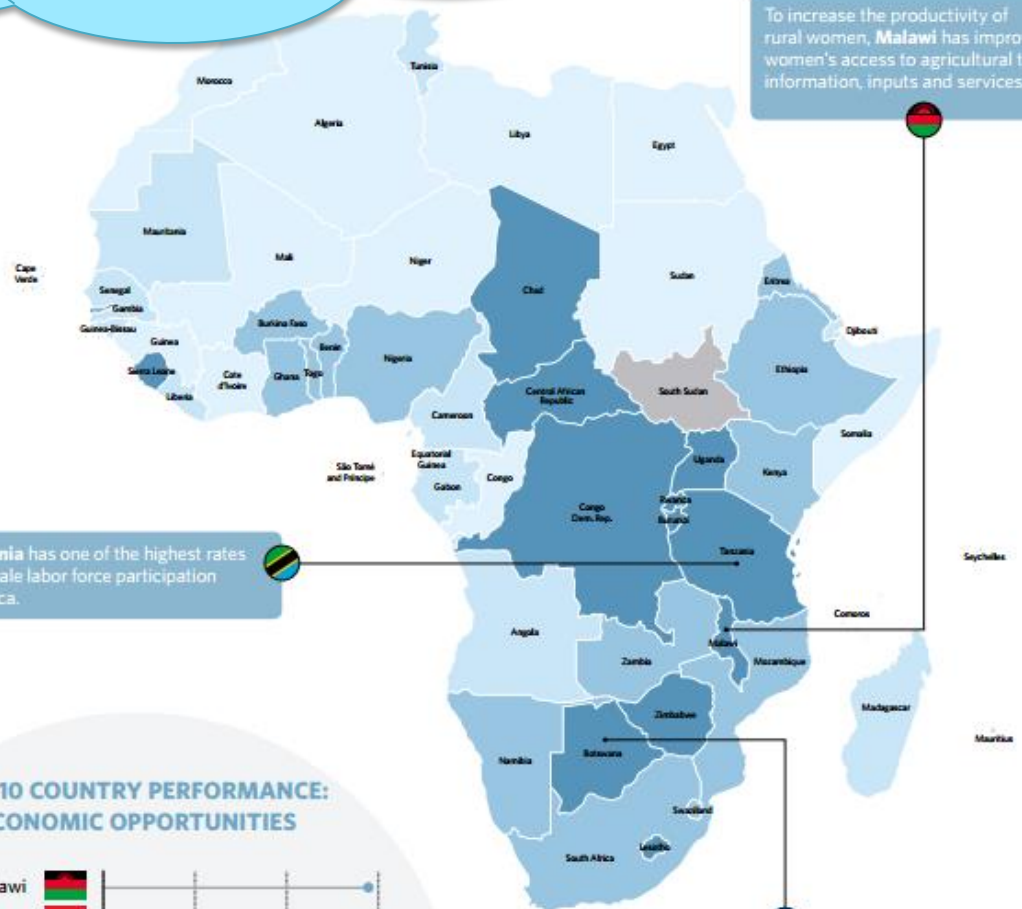




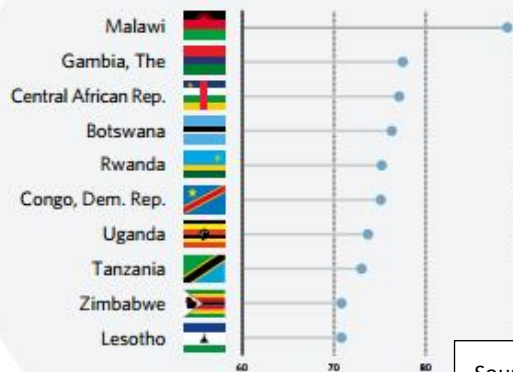
Annex

Annex 1: The African Gender Equality Index 2015

The Index measures the gap between men and women in terms of their participation in labour, wages and incomes, business ownership and access to financial services. This information examines and expounds on whether women and men have equitable economic opportunities for each of the 52 African countries computed by the Index.



TOP 10 COUNTRY PERFORMANCE: ECONOMIC OPPORTUNITIES



Higher Gender Equality ● Lower Gender Equality

Source: African development bank (2015) Empowering African Women: Agenda for Action, Africa Gender equality index, Available at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African_Gender_Equality_Index_2015-EN.pdf





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