

# SMEs for sustainable industrialisation and structural change in Sub-Saharan Africa

Dr Mafini DOSSO

**CLUSTER 2: SMEs AND THEIR CONTRIBUTIONS TO ECONOMIC GROWTH AND GLOBAL COMPETITIVENESS IN AFRICA**

*WAO Conference on Intellectual Property (IP), Innovation and Value Addition for Business Competitiveness and Sustainable Development in Africa*



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# OUTLINE

## **MSMEs for Sustainable Development**

- 1. Macroeconomic Industrial Policies & Performances**
- 2. SMES in Africa: competitiveness challenges**
- 3. SMEs in Côte d'Ivoire's economy (West Africa)**

# Micro-, Small-, Medium-sized Enterprises (MSMEs) for the achievement of Sustainable Development Goals (SDGs)

Formal (and informal) MSMEs contribution to

- Employment & Gross Domestic Product (GDP)
- Job creations
- Reduce Poverty & Inequality
- Improve quality of life
- Achieve SDGs

*Addis Ababa Action Agenda on Financing for Development*

*OECD (2017) Unlocking the potential of SMES for the SDGs*

*World Bank. Small and Medium Enterprise Finance*



*« ITC analysis shows that investments in SMEs can contribute to 60% of the 169 SDG targets » (ITC 2019)*

1. **Macroeconomic industrial Policies & Performances**
2. *SMEs in Africa: competitiveness challenges*
3. *SMEs in Côte d'Ivoire's economy (West Africa)*

# 1. Macroeconomic Industrial Policies & Performances

# International/continental policy & initiatives: SMEs for Africa's industrial development

## ➤ 3<sup>rd</sup> Industrial Development Decade for Africa (UN)



- AIDA
- STISA 2024
- AMVision
- SMEs Strategy
- BIAT
- AfCFTA



## REGIONAL ECONOMIC COMMUNITIES (RECs)

Common Industrial, Innovation policies & Sectoral strategic frameworks



**Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**

## SMEs/SMIs

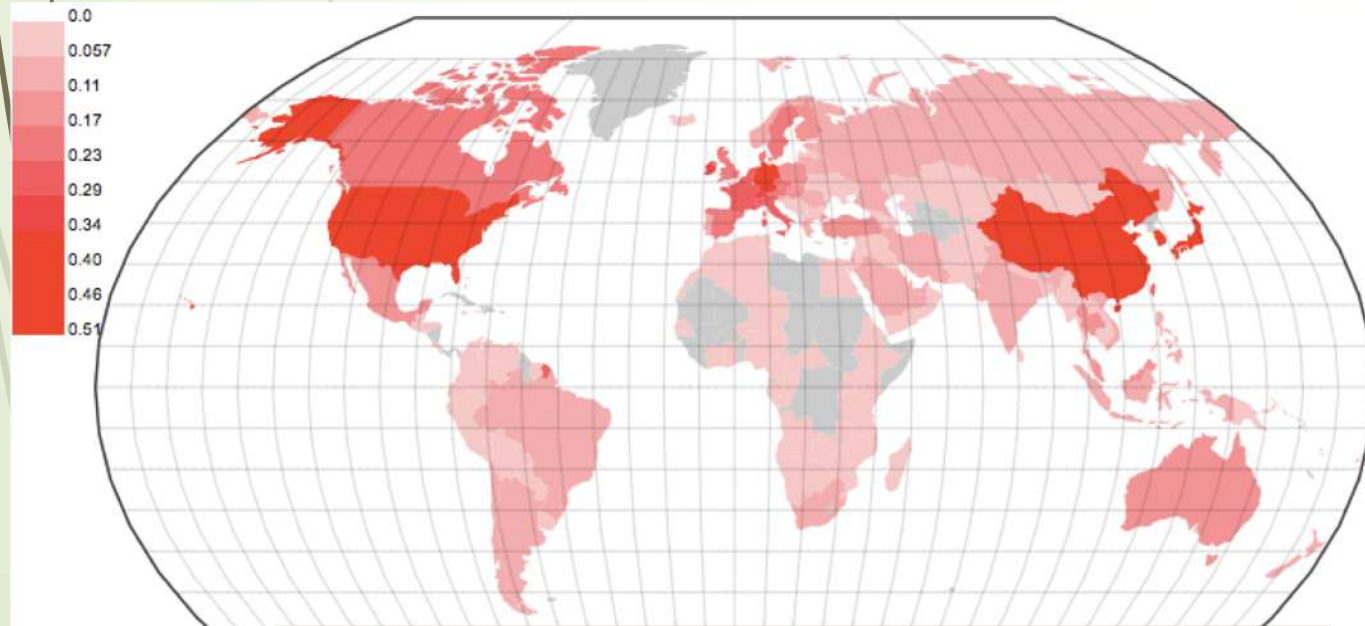
- Increase productive/transformational capabilities
- Enhance industrial, technological & managerial knowledge/skills
- Unlock innovative potential and value locally created and captured
- Strengthen competitiveness & attractiveness
- Value chains participation
- Local solutions for achieving SDGs

# 1. Macroeconomic industrial Policies & Performances

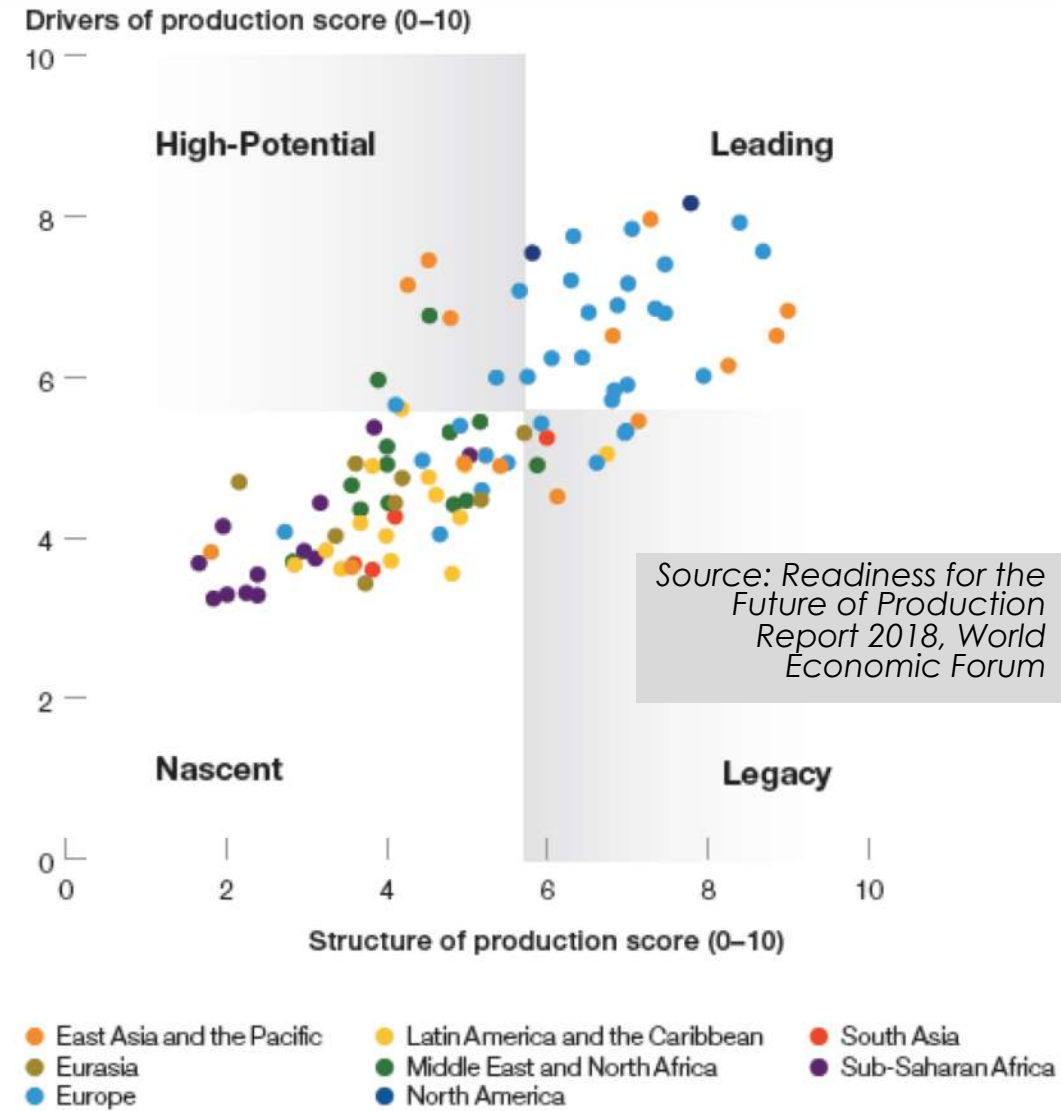
2. SMEs in Africa: competitiveness challenges

3. SMEs in Côte d'Ivoire's economy (West Africa)

**Africa has the greatest opportunities for structural change and for fast-moving towards 'complex' higher-value activities**



Source: Competitive Industrial Performance (CIP), UNIDO (year 2017) <https://stat.unido.org/database/CIP%202019>

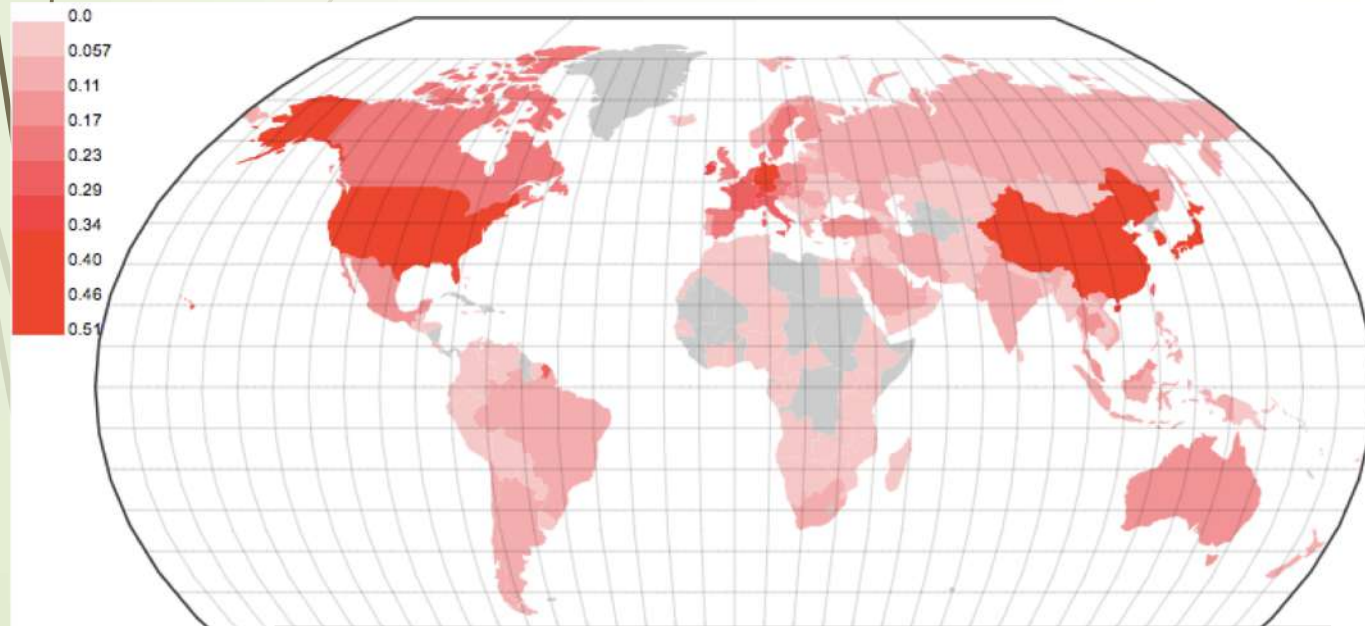


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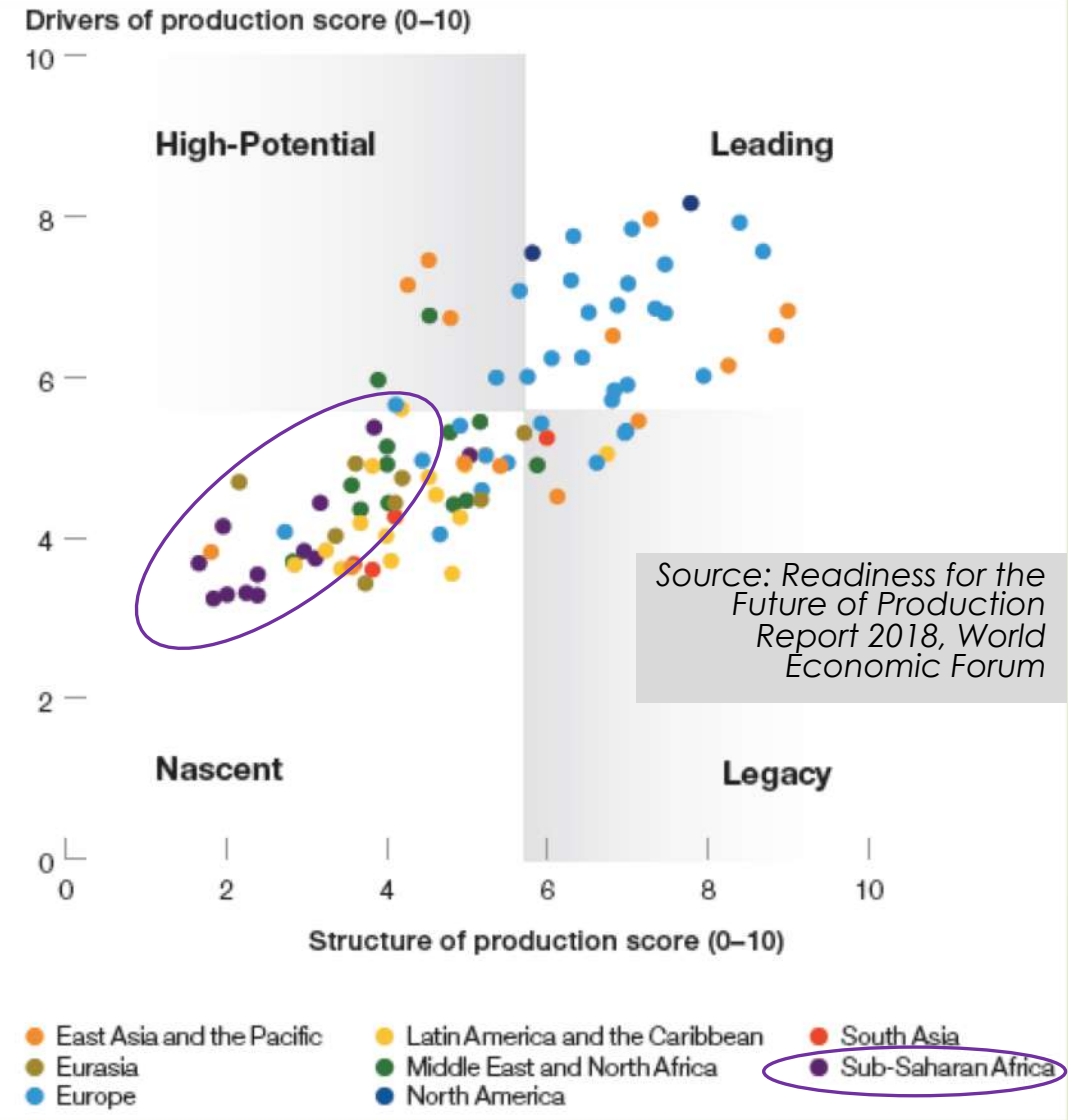
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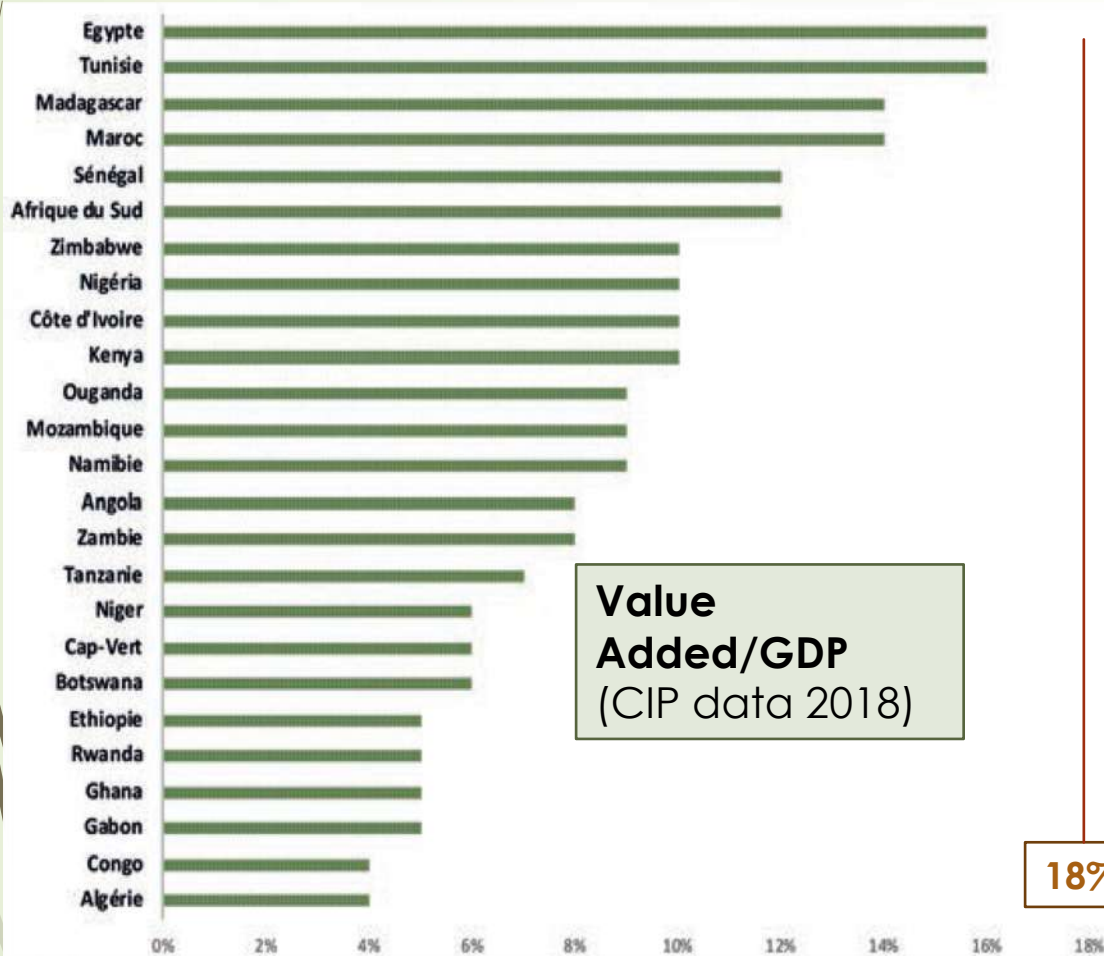
## Africa has the greatest opportunities for structural change and for fast-moving towards 'complex' higher-value activities



Source: Competitive Industrial Performance (CIP), UNIDO (year 2017) <https://stat.unido.org/database/CIP%202019>



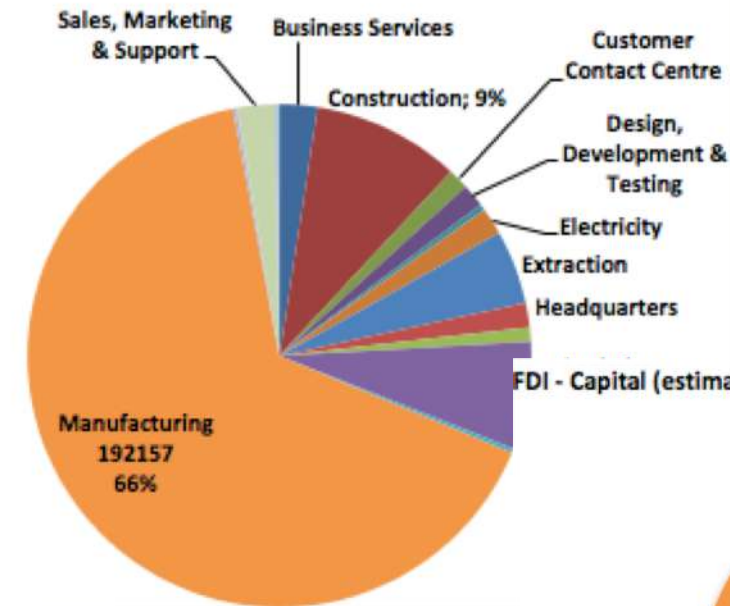
# Africa has untapped opportunities for scaling up and upgrading manufacturing & structural change



**Value Added/GDP**  
(CIP data 2018)

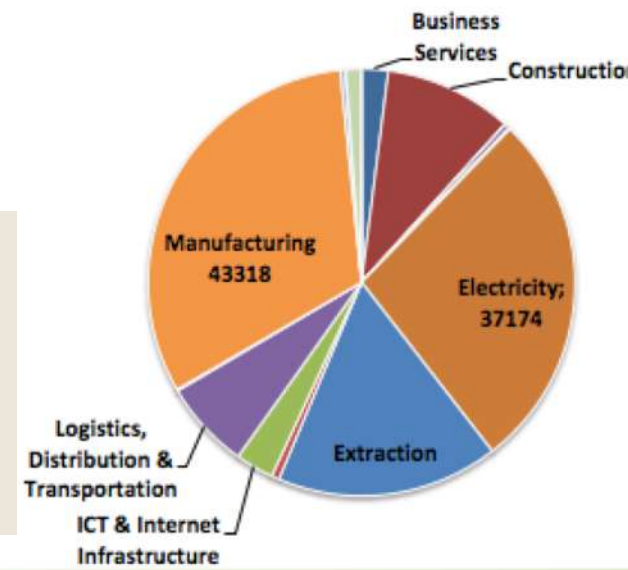
**18%**

FDI - Jobs created (estimation)



**Inward Foreign Direct Investment (FDI) Greenfield projects to Africa (2017/2018- Jobs creation & Capital → Own calculations from FDI database, Financial Times )**

FDI - Capital (estimation)



Source: Dosso Mafini (2019), Industrie et innovation pour un changement structurel et un développement territorial durable en Afrique, Annales des Mines, Paris France (open acces @ <http://www.anales.org/ri/2019/ri-aout-2019.pdf>)



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## 2. SMEs in Africa: competitiveness challenges

## SMEs competitiveness in African countries

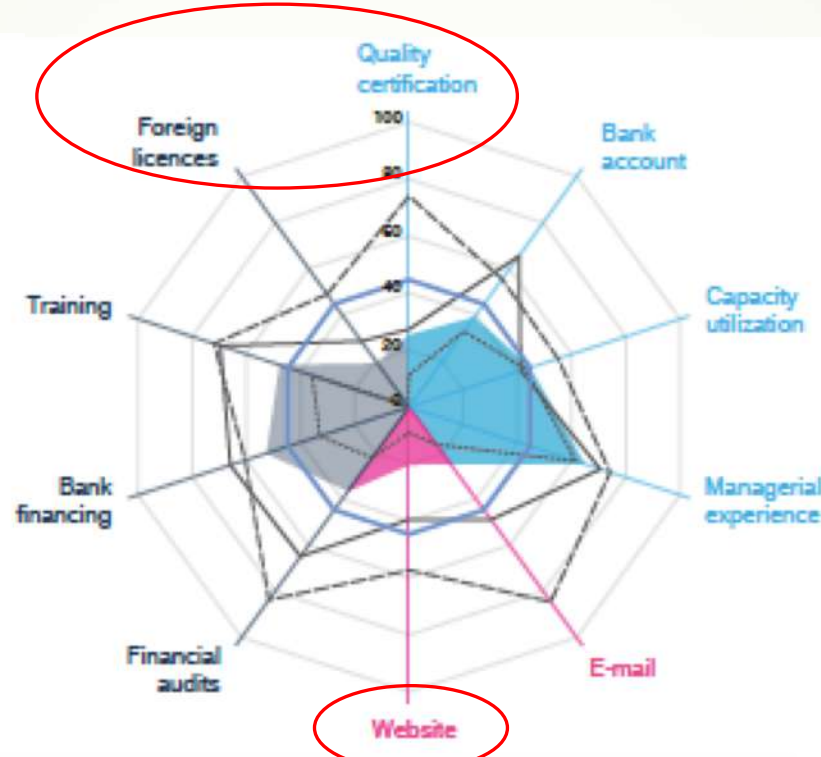
- Logistics services and high-quality infrastructure (access to water)
- Costs of certifications and limited information esp. agricultural sector
- Use of ICTs
- Human capital (basic and technical skills)
- Access to credit
- Informality and Investment

See Survey results in International Trade Centre (2018), *Promoting SME Competitiveness in Africa*

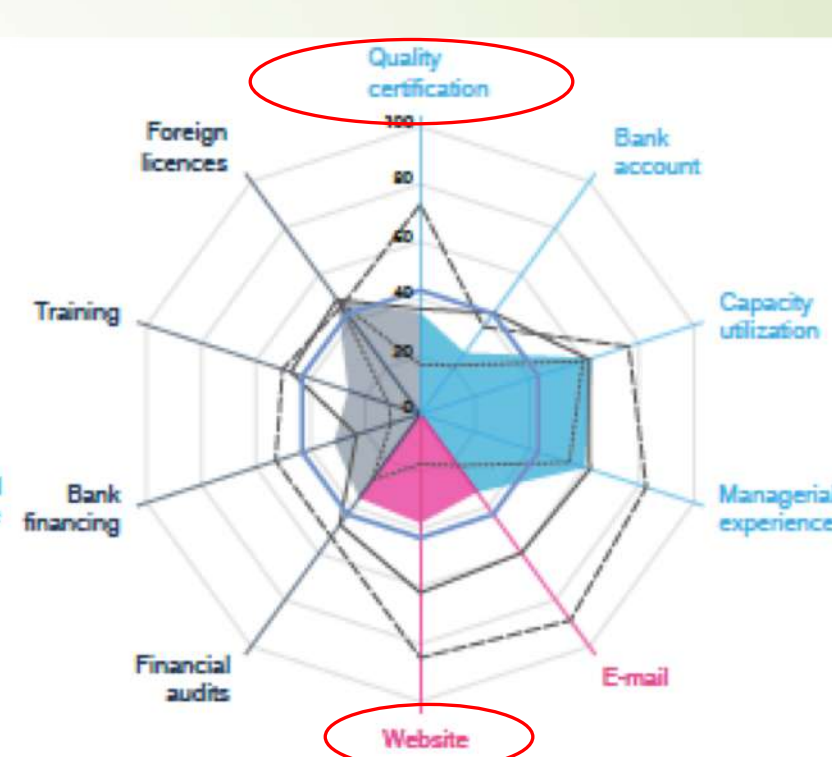
# SMEs competitiveness in West African countries



**Benin**



**Côte d'Ivoire**



**Senegal**

Source: Extracted from World Bank Enterprise Surveys (2016/2016/2014)

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## 3. SMEs in Côte d'Ivoire's economy (West Africa)



## SMEs in Côte d'Ivoire's economy (3<sup>rd</sup> ECOWAS)

- **98% of firms**
  - 60,000 formal
  - 150,000 informal
- **Micro-entreprises : + de 55%**
- **20% du PIB**
- **30% Agricultural GDP**
- **12% of National Investment**



# SMEs challenges in Côte d'Ivoire

- ✓ Recovery from crisis and Institutional barriers
- ✓ Support beyond firm creation
- ✓ Electricity costs
- ✓ Financing costs
- ✓ Local/Regional/International markets access
- ✓ Opportunity entrepreneurship vs. necessity entrepreneurship



## Trend

- ↑ On track to achieve goal by 2030
- ↗ Score moderately increasing, insufficient to attain goal
- Score stagnating or increasing at less than 50% of required rate
- ↓ Score decreasing
- ⋯ Trend information unavailable



## Agence-CI PME – An Agency for SMEs in Côte d'Ivoire created in 2016

- Strengthen institutional and human capital of the Agency
- Improve SMEs business environment
- Strengthen SMEs technical & management capabilities
- Attenuate SMEs barriers to finance
- Support innovation & entrepreneurial culture



Entrepreneuriat  
Innovation  
Création de valeurs



## Concluding remarks: policy coherence for SMEs and industrialisation

- Gradual institutional change in Africa → “policy pace” vs. world social and technological **megatrends**
- Multiplication of top-down and bottom up initiatives → **integrated and strategic** policy frameworks
- Diversity of **MSMEs/SMEs profiles** and sub-national territorial specificities : sustainable territorial and industrial development
- Support to local **Small and Medium-sized Industries (SMIs)**, to pilots, prototyping, demonstration, failures, etc.
- **Critical masses of certified SMEs in Côte d'Ivoire**: agro-transformation, agricultural machinery, extraction/mining technology services, sustainable construction (materials)





***Thank You 4 Your Sustainable Attention***



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