

# ICSB GAZETTE

THE GLOBAL LEADER SUPPORTING MICRO-, SMALL AND MEDIUM ENTERPRISES

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## INCREASING RECOGNITION OF MSMES ROLE IN ACHIEVING SUSTAINABLE DEVELOPMENT

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**"When Argentina, with the support of ICSB, decided to present a resolution in the United Nations establishing June 27th as MSMEs Day, our idea was to showcase the importance of these enterprises in the achievement of the 2030 Agenda."**

The importance of Micro, Small and Medium-sized enterprises (MSMEs) in national economies is well known, as well as is their global impact, since, by number, they dominate the world business stage. When Argentina, with the support of ICSB, decided to present a resolution in the United Nations establishing June 27th as MSMEs Day, our idea was to showcase the importance of these enterprises in the achievement of the 2030 Agenda.



It is a great satisfaction to witness that the visibility of the MSMEs has been increasing since the adoption of the resolution. Previously, the work done at the United Nations was more on a technical level, with specific agencies like the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Center (ITC) addressing the issue but it being rarely incorporated in General Assembly resolutions or other high-level documents.

That started to change in the year 2015, when Member States adopted the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda. In the first case, MSMEs are mentioned in the Sustainable Development Goal 8.3., which consists in promoting development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encouraging the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

In the case of the Addis Ababa Action Agenda, there are multiple references to these enterprises encompassing many different aspects like job creation, access to credit, financial inclusion, and the integration in the regional and global markets, among others.

From the year 2017 and the establishment of the day, these references have been appearing in more documents and the topic has garnered support in the United Nations. For instance, each year the Economic and Social Council celebrates a Financing for Development Forum, which carries on a review of the implementation of the Addis Ababa Action Agenda. The outcome of this forum is a negotiated document which is concise but at the same time addresses the seven action areas of financing for development identified in that Agenda.

In each of the last three years, the outcome document has contained references to MSMEs. In 2017, countries recommit to promoting appropriate, affordable, and stable access to credit and other financial services to micro, small and medium-sized enterprises, as well as recognize that policies aimed at strengthening financial inclusion and nourishing entrepreneurship could also help to develop micro, small and medium-sized enterprises. In the outcome document of the 2018 Forum, there was a mention of exploring policies that encourage growth in cross-border electronic commerce, including for micro-, small and medium-sized enterprises. In 2019, countries addressed the trade difficulties for MSMEs by encouraging capacity-building initiatives and actions aimed at allowing MSMEs to better tap into trade opportunities including e-commerce, as well as encouraging financial institutions to adopt, where applicable, trade finance techniques that are less document-intensive in order to help strengthen trade financing for MSMEs.

Perhaps these mentions could have been somehow expected since MSMEs play an important role in financing for development. But it is important to reinforce the previously stated idea that in a concise document which reviews the progress in the seven action areas of the Addis Ababa Action Agenda, like trade; domestic, international, public, and private finance; international cooperation; or debt, mentions to MSMEs were included.

The visibility that the topic is gaining is also seen in the fact that references to MSMEs are being included in important documents where before they never or rarely appeared. In that regard, we can mention two examples.

The first one is the Agreed Conclusions of the Commission on the Status of Women (CSW), which is negotiated every year. Even if some mentions to MSMEs are included in the Beijing Declaration and Platform for Action adopted in the Fourth World Conference on Women in 1995, it was not common that they were included in the following CSW Agreed Conclusions. But in 2017, Member States agreed to include the need to promote the transition to formal employment for women employed in informal paid work, home-based work, and in micro-, small and medium-sized enterprises. In that same document, there is also a mention to encourage and facilitate women's entrepreneurship, including by improving access to financing and investment opportunities, tools of trade, and business development and training, in order to increase the share of trade and procurement from women's enterprises, including micro-, small and medium-sized enterprises, cooperatives, and self-help groups in both the public and private sectors.

In CSW Agreed Conclusions of 2019, MSMEs were mentioned again in a paragraph related to the efforts to eradicate poverty in all its forms and dimensions and to achieve gender equality and the empowerment of all women and girls, in which Member States promoted access to financial services, enhancing productive capacity, entrepreneurship, creativity and innovation, encouraging the formalization and growth of micro-, small and medium-sized enterprises, and promoting full and productive employment and decent work for all.

The second example we could highlight is the Outcome Document of the Second High-Level United Nations Conference on South-South Cooperation, which was adopted in Buenos Aires in March 2019. This document is very relevant because it will be the guide for the Cooperation among developing countries for the upcoming years, as was the Buenos Aires Plan of Action adopted in 1978.

In the Outcome adopted in March 2019, Member States recognize that South-South and triangular cooperation represents an opportunity for support to developing countries in designing implementable strategies to strengthen MSMEs as agents of sustainable development, including sustainable industrialization. It also recognizes that South-South and triangular cooperation should enhance the capacity of developing countries to develop strategies for creating an enabling environment for MSMEs to grow and thrive, and to build their capacity to contribute more to decent work for all and sustained economic growth.

It is also important to highlight that this visibility of the importance of MSMEs has gone beyond the negotiations in the United Nations. MSMEs creation and growth are closely linked to macroeconomic conditions. That is why these enterprises have been mentioned in every G20 Leaders Declaration since 2013. Even if most of the time it is only a sentence related to access to finance and technology, the importance of being included in these Declarations is a reflection of their role in national and international economies.

In that context, the Business 20 engagement group (B20) has been actively working in raising awareness on the difficulties faced by MSMEs and making recommendations on how to overcome them.

During the Argentine Presidency of the G20 in 2018, this engagement group highlighted the importance of entrepreneurship for MSMEs, so it recommended that governments aim towards promoting entrepreneurship skills through education and training, broadening the funding of alternatives and financial assistance, and introducing special entrepreneurship programs that may, for instance, temporarily reduce tax burden.

The B20 also encouraged the development of clusters and innovation networks to provide MSMEs with an alternative way of sharing knowledge and best practices to improve MSMEs' productivity, competitiveness, and foster innovation.

All these references showcase the importance of MSMEs in the world we live today. Some of the mentions appeared before the establishment of the day in 2017, but they have been increasing since then, highlighting their relevance in the achievement of the Sustainable Development Goals. Together with ICSB, our objective when we drafted the resolution on the establishment of June 27 as the Micro, Small and Medium-sized Enterprises Day was to raise awareness on the relevance of these enterprises and we are delighted to see that, with the support of all stakeholders, this is happening. Events and publications like this one from ICSB keep contributing to that end.



### **About ICSB Gazette:**

The ICSB Gazette is a weekly edition of a key topic that ICSB will showcase. The content is varied from research, practice, policy, and education. The editor of the ICSB Gazette is Ms. Jordyn Murphy, ICSB Operational Manager. She will be soliciting ideas and articles from ICSB members world-wide.

### **ICSB Executive Director Comment:**

This Gazette issue is part of the newly released 2019 MSME Global Report.

Dr. Ayman El Tarabishy



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