



The Four Key Messages for MSMEs International Day (June 27, 2017)

Message #1: Urgency to support MSMEs to address the need for 600 Million Jobs.

According to a World Bank funded report, titled “*Towards Solutions for Youth Employment: A 2015 Baseline Report*”, released by Solutions for Youth Employment (S4YE), one third of the world’s 1.8 billion young people are in need of employment, education or training.

“Young people account for 40 percent of the world’s population – the largest youth generation in human history – but they are disproportionately affected by unemployment. This is a persistent problem. Approximately 30 percent of young people are not in employment, training or education, and around the world, young women are worse off. We need to act now, and we need to act together if we are going to realize the significant opportunities presented by this many young people today,” said Matt Hobson, S4YE Coalition Manager.

- **Entrepreneurship and Self-Employment** – worldwide, youth are 1.6 times more likely than adults to display entrepreneurial activity, which needs to be bolstered.
- 4 out of every 5 new formal job openings in emerging markets are created by MSMEs

Message #2: Galvanize government around policies/best practices to help scale MSMEs

Governments are responsible for ensuring an environment that is conducive for MSMEs to grow and thrive through their policies, processes and regulations. Governments can also play a critical role in the innovation ecosystem by supporting processes that are accessible and efficient as possible; this will help create a technical and business climate that provides innovative companies with opportunities to be competitive and successful.

- Government have many options to have an impact on and improve their ecosystem including:
- Supporting funding for research and development, small business capital access, and education/job skills training either through direct financing or tax policy;
- Disseminating and providing access to government information;
- Organizing and facilitating cooperative interaction between participants in the innovation ecosystem;
- Supporting business opportunities and access to markets for small companies, including government procurement;
- Enacting laws and regulations that support innovative company growth and technology commercialization;
- Lowering barriers to doing business, supporting trade facilitation reform, increasing transparency on rules and regulations and facilitating access to finance;
- Including MSMEs in the policy-making process and
- Enabling small businesses to move from the informal sector to the formal sector.

**Message # 3- Address the new paradigm of Humane Entrepreneurship
(Human Cycle versus Enterprise Cycle).**

Quality Jobs – quantitative unemployment measurements do not reflect quality of employment and deeper understandings of today’s working conditions is required. The International Labor Organization (ILO) states *“Productive employment and decent work are key elements to achieving a fair globalization and poverty reduction.”*

As countries and organizations move towards holistic growth, enterprises should extend their priorities beyond the profit margin. These companies should shift their focus onto their people, the environment, and society. Impactful entrepreneurs fuel the concept of Humane Entrepreneurship.

Human oriented businesses are deemed to perform better, come up with better products and services, and ultimately, satisfy their customers. Humane Entrepreneurship is a key to the sustainable development of not only enterprises, but also to the sustainable development of society.

Humane Entrepreneurship pursues shifting MSMEs to focus more on employees and society rather than only ownership and profit. This in turn would eventually promote the creation of a society where people are able to experience happiness.

**Message # 4- Sustainable Development Goals need the support of entrepreneurs
and MSMEs**

MSMEs are responsible for significant employment and income generation opportunities across the world and have been identified as a major driver of poverty alleviation and development. As such they will be one of the main actors in achieving the SDGs. MSMEs are the backbone of

most economies worldwide. Formal and informal MSMEs make up over 90% of all firms and account on average for 60-70% of total employment and 50% of GDP. (ITC, 2015).

MSMEs tend to employ a larger share of the vulnerable sectors of the workforce, such as women, youth, and people from poorer households. MSMEs can even sometimes be the only source of employment in rural areas. As such, MSMEs as a group are the main income provider for the income distribution at the “base of the pyramid”.

SMEs are also increasingly engaged in addressing societal needs through market mechanisms. In particular, they enhance access to public services to high- and low-skilled people and those living in well-off and lagging regions. Many social enterprises in particular contribute to delivering public goods and services such as healthcare or waste management, while often employing people at the margins of the labor market.

Efforts to enhance access to finance for SMEs across key sectors of national economies are an important element of implementation of the SDGs. SDG targets 8.3 and 9.3 call for enhancing the access of SMEs to financial services. In addition, SMEs are an important element in the implementation of SDG 8 (decent work and economic growth) and SDG 9 (industry, innovation and infrastructure).

MSMEs need to be engaged continuously through dialog, programs, and call to action to mobilize. The role of many institutions is to create such a platform for engagement. This is done through education, awareness, partnership and business opportunities.

MSMEs should be the first responders to societal needs and provide the safety net for inclusiveness.