

ICSB GAZETTE

THE GLOBAL LEADER SUPPORTING MICRO-, SMALL AND MEDIUM ENTERPRISES

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"Small and Medium Enterprises (SMEs) play a vital role in ensuring sustainable and inclusive economic growth."

Policy Advocacy - Small and Medium Enterprises (SMEs) play a vital role in ensuring sustainable and inclusive economic growth. In developing countries, they provide 60-70% of formal employment. In sub-Saharan Africa alone, the share of SMEs accounts for 80%. UNCTAD has continuously supported developing countries, including the Dominican Republic, Gambia, Tanzania, Ecuador, and Ethiopia in designing and implementing holistic entrepreneurship policies that encourage the foundation of new firms and the scaling up of existing businesses, linked to national economic development strategies. UNCTAD's assistance in policy formulation advocates a comprehensive, coherent, and coordinated approach, based on its Entrepreneurship Policy Framework (EPF), to identify, formulate, and implement policy measures that are designed to promote entrepreneurship and SMEs. With the EPF, UNCTAD helps countries design initiatives and support institutions to promote entrepreneurship across six interrelated priority areas: formulating national entrepreneurship strategy, optimizing the regulatory environment, enhancing entrepreneurship education and skills development, facilitating technology exchanges and innovation; improving access to finance; and promoting awareness and networking. It also raises awareness of the need to engage representatives of the private and public sectors, academia, and civil society.



According to the World Bank (2018), around 600 million new jobs will be needed over the next 15 years. Most of the demand will be coming from youth in developing countries. In this context, youth entrepreneurship is widely regarded as an effective means to keep employment rates at their current level.

Furthermore, entrepreneurship is often the only entry point for youth into the labor market and the only way out of poverty in many developing countries. Currently, among people between 18 and 24 years old, around 10% of those in Asia, 15% in Africa, and 17% in Latin America and the Caribbean are already engaged in entrepreneurship activities. UNCTAD is actively promoting youth entrepreneurship policies in collaboration with the Commonwealth. In this framework, two guides have been jointly developed, entitled “Policy Guide on Youth Entrepreneurship,” and “Policy Guidelines for the Blue and Green Economy” (forthcoming). UNCTAD and the Commonwealth regularly organize joint regional policy advocacy seminars to promote youth entrepreneurship among policymakers.

While SMEs and entrepreneurship play a major role in economic growth, their development has been significantly constrained by inadequate financing. The situation is especially acute in emerging markets, where according to the World Bank, 70% of SMEs lack access to credit. While the gap varies considerably from region to region, it's particularly wide in Africa and Asia. The current credit gap for formal SMEs is estimated to be US \$1.2 trillion. The total credit gap for both formal and informal SMEs is as high as US \$2.6 trillion. To address the SME financing gap and form well-regulated markets with transparent and well-governed companies, UNCTAD has been increasingly supporting stock exchanges, including through the UN Sustainable Stock Exchanges initiative.

Since 2014, the GA has recognized the role of entrepreneurship for sustainable development through a resolution of the same name supported by UNCTAD and DESA. Entrepreneurship is particularly important for the structural transformation of Least Developed countries (LDCs). An upcoming UNCTAD report on LDCs explores the linkage between entrepreneurship and structural transformation and their role in achieving the SDGs. It also investigates policies needed to foster the emergence of new firms and startups in sectors that are critical for structural transformation and to support the sustainability, survival, and expansion of the new enterprises.



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In collaboration with the International Organization for Migration (IOM) and the United Nations High Commissioner for Refugees (UNHCR), UNCTAD has also developed a policy guide to provide a high-level framework for policies and programs to support migrant and refugee entrepreneurship. The objective of this initiative is to support the socio-economic inclusion of refugees and migrants and to maximize their contribution to home and host economies through entrepreneurial activities.

Technical Assistance - The second pillar of UNCTAD's assistance focuses on technical assistance and project implementation, working with national stakeholders to develop entrepreneurial skills and build local productive capacities of small and medium-sized enterprises through UNCTAD's Empretec, Business Linkages, and BioTrade programs.

Since its inception in 1988, Empretec has been installed in more than 40 countries and has been assisting entrepreneurs by establishing self-sustained, local market-driven entrepreneurship development centers (Empretec national centers). In 30 years of activity, more than 400,000 entrepreneurs have benefited from Empretec workshops and business development services available in the existing worldwide network of Empretec centers.

The high impact of the Empretec program is demonstrated by the increased survival rate of participating SMEs; significant revenue growth, creation of new employment, and self-employment opportunities for participants.

The Business Linkages program seeks to upgrade the capacity of local suppliers and facilitate their integration into global and/or regional value chains through business links with large international or domestic companies. The program operates in nine developing countries and has created substantial and mutually beneficial results, both for small suppliers and foreign firms. The program is increasingly geared to contribute to the SDGs, leveraging the incentives and resources of the private sector to adopt environmental standards and ensure the beneficial inclusion of the poorest segment of the population, especially in rural settings.

As evidenced by several years of implementation, UNCTAD's business linkages country programs allow domestic SMEs, including rural enterprises, to diversify and add value to their production, thereby participating more effectively in international production systems. Country interventions provide support for small local suppliers, for instance, to meet the environmental standards of transnational corporations or develop the entrepreneurial mindset of poor rural entrepreneurs and marginalized urban producers. The most recent projects aimed at promoting business linkages are sustainable tourism in Tanzania and green construction in Zambia.

As the only UN agency with an intergovernmental mandate on trade and biodiversity, UNCTAD has coordinated and facilitated the efforts of governments to ensure that communities and businesses seize and capitalize on trade opportunities by linking biodiversity and sustainable development through its BioTrade program. By matchmaking, pooling of partners' resources, sharing of information, systematic documentation of lessons learned and success cases, increased coordination, and aligned efforts to forge stronger partnerships along supply chains, BioTrade advanced enterprise development and implementation of SDG 15.



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 Partner Reports from the MSME Report.

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Contribute:

Have a topic you would like to see or an article to share? Please submit for consideration to jordyn@icsb.org

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