



# UNCITRAL Colloquium on Contractual Networks

## The Role of MSMEs & Entrepreneurship in Achieving the SDGs

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25-26 March 2019

# Outline

- **Role of SMEs and entrepreneurship in achieving the SDGS**
- **Major constraints**
- **Role of UNCTAD**





## Importance of SMEs

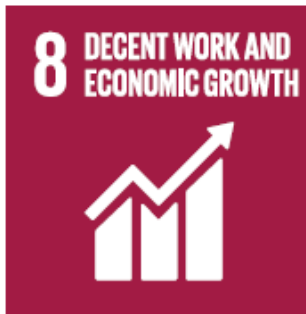
- SMEs are main engine of employment: 60-70% of formal employment in developing countries and 80% in SSA
- Direct contribution to Agenda 2030 particularly on SDG1 and SDG8, SDG9, SDG11, & SDG12
- One of best levers to address challenge of creating 600 million new jobs by 2030 (mostly for youth)
- Can enhance MSMEs contribution, by helping them provide sustainable & inclusive goods and services



## Entrepreneurship for development and the SDGs:



**4.4:** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and ***entrepreneurship***



**8.3:** Promote development-oriented policies that support productive activities, decent job creation, ***entrepreneurship***, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services



# Entrepreneurship – SDG LINK

*Transformational entrepreneurs create new products and business models; they offer dignified employment; their success leads to broader improvements in the quality of life and even bolsters fiscal sustainability*





# Major Constraints



## Constraints to harnessing MSMEs potential

- Lack of competitiveness
  - Lack of affordable reliable electricity
- Increasing difficulty in joining regional and global value chains
- Huge financing gap
- Informality
- Digital divide





**42%**  
of LDC firms identify  
electricity as **a major  
constraint**



**3/4**  
experience an average  
of **10 outages  
per month, lasting  
5 hours each**



**7%**  
revenue **lost  
due to outages**



Electricity generation  
capacity per person in  
LDCs is

**1/12** of that **in other  
developing countries**  
(ODCs) and

**1/50** of that in **developed  
countries**



Developed  
Countries



ODCs



LDCs

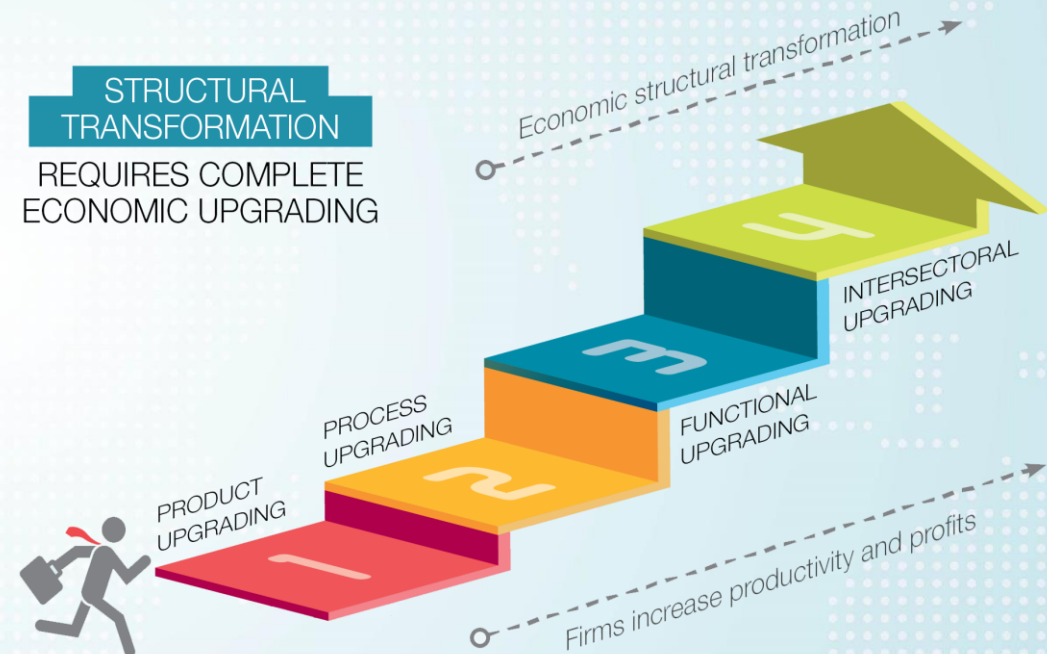




## Local entrepreneurs face severe constraints in completing process of upgrading within GVCs

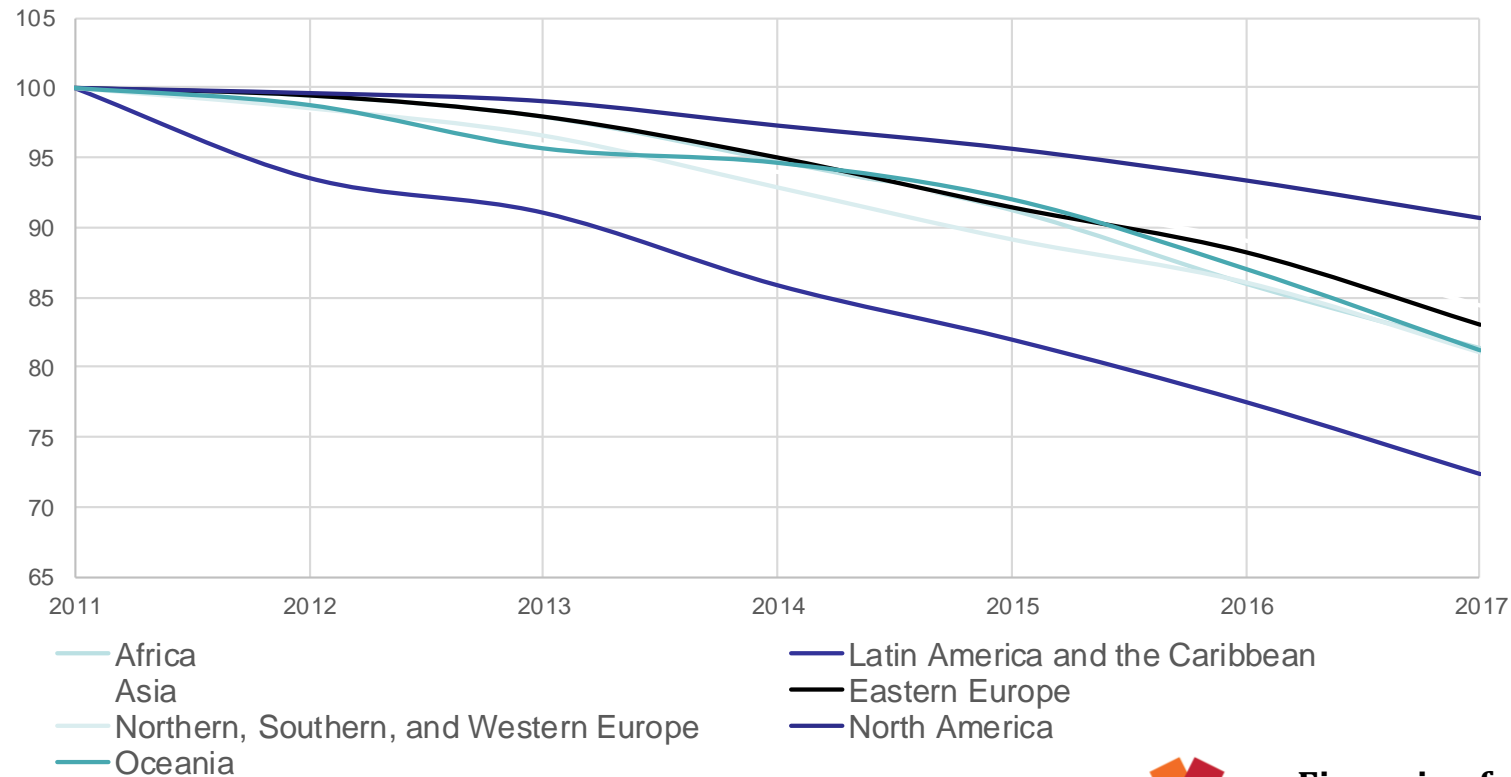
**Agricultural VCs:** short, limited processing, mostly domestic

**Clothing GVCs:** Mostly low value-added segments with limited prospects for local entrepreneurs



**Trade Financing GAP**, required by 80% of trade, \$1.5T gap  
60% of SMES requests rejected,

**Figure 14: Number of active correspondent banks in each region, 2011-2017**  
(index, 2011 =100)



Source: FSB

Note: Correspondents are counted multiple times across corridors, but not across message types and months.



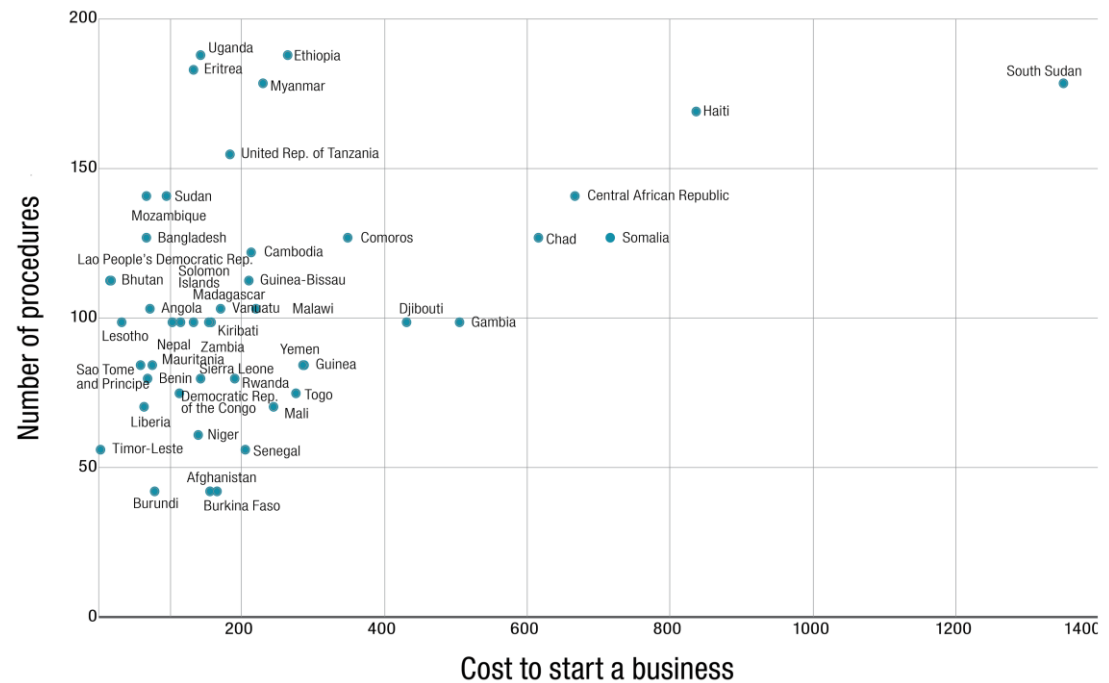
**Financing for Sustainable  
Development Report  
2019**

# Constraints on LDC Entrepreneurship

## Registration costs are disproportionately high...

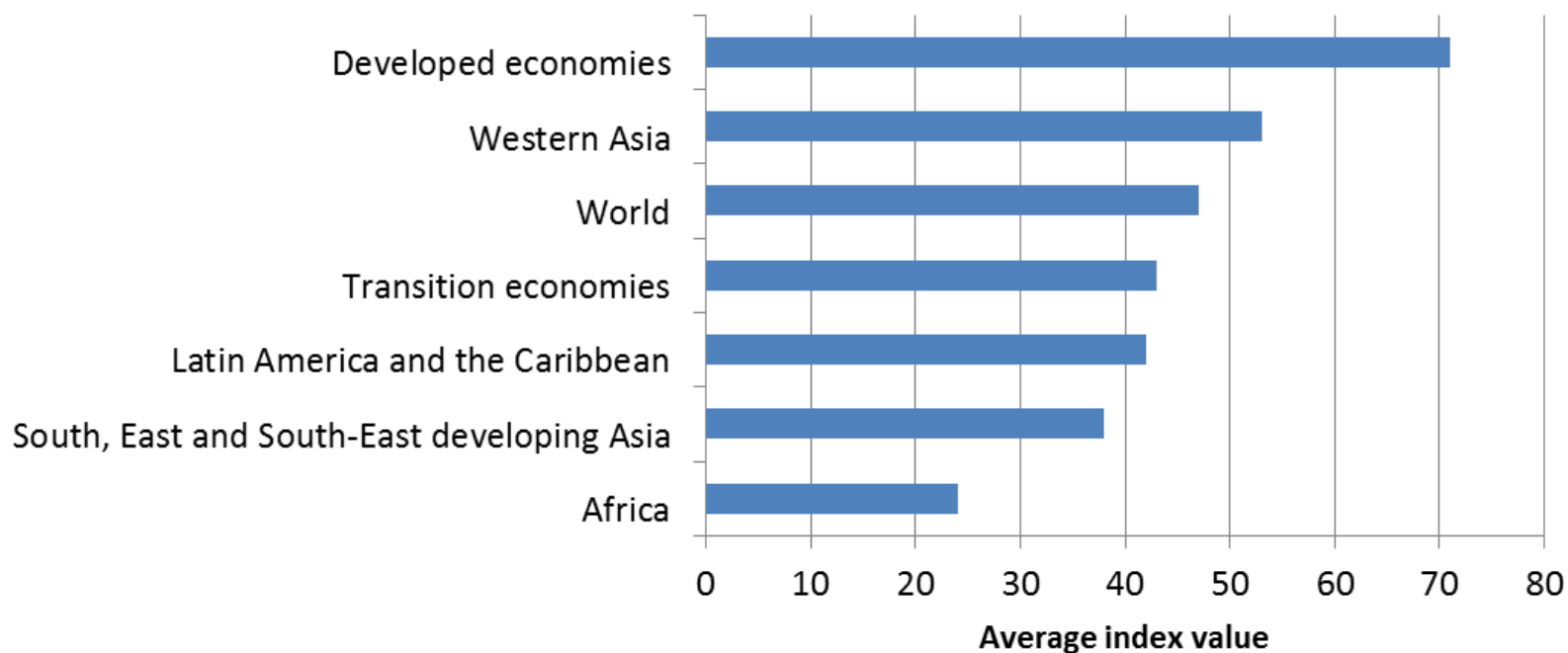
→ Many firms test the waters by starting off informal

Costs and procedures to start a business as % of world average, 2015–2017



# Readiness by Region

## Regional average values in UNCTAD B2C E-Commerce Index 2016



Source: UNCTAD



# UNCTAD Role

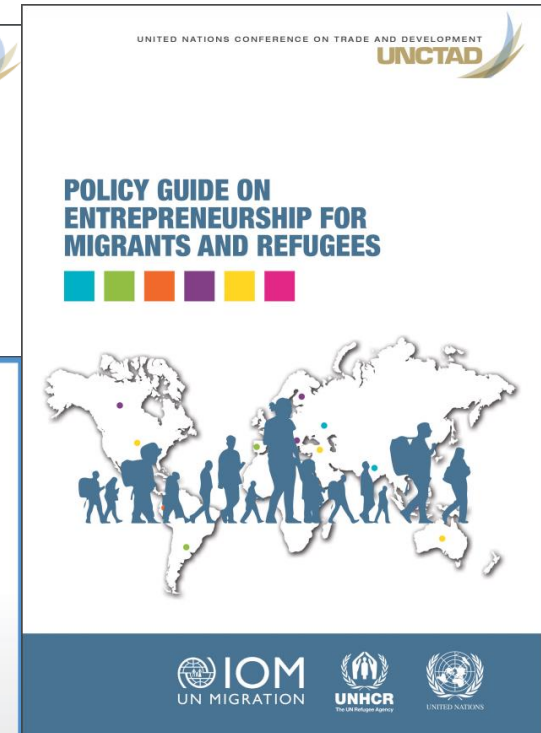
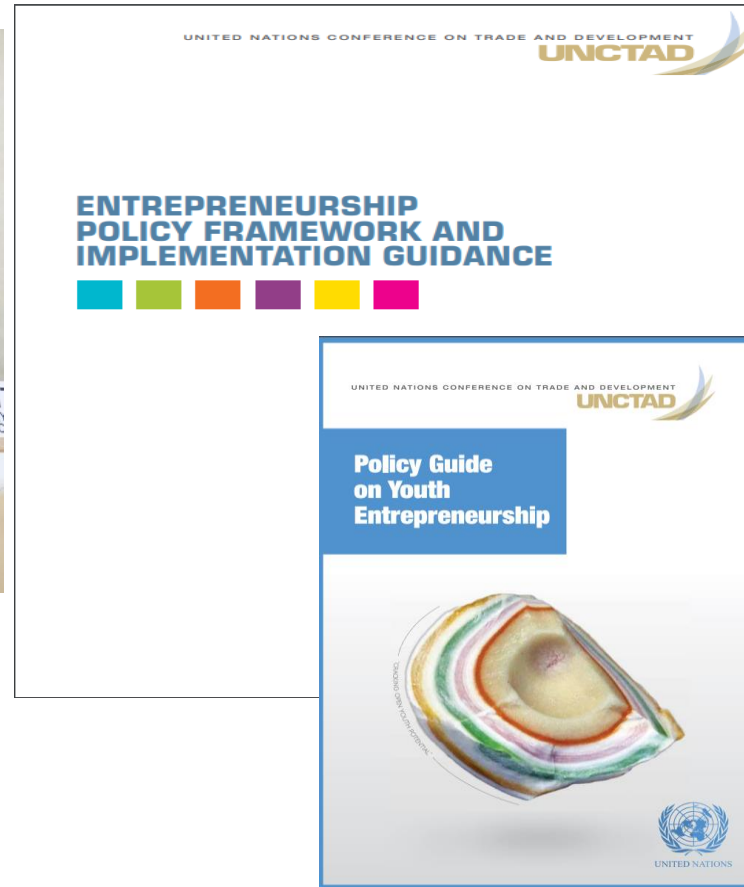
1. Entrepreneurship Policy Framework (EPF)
2. Policy Guide on Youth Entrepreneurship
3. Policy Guide on Entrepreneurship for Migrants and Refugees
4. Empretec
5. Business Linkages Programme
6. Business Facilitation



# UNCTAD's Policy Work on Entrepreneurship and MSMEs



*H.E. Mr. Alan Kyerematen, Minister of Trade and Industry, Ghana, and Dr. Mukhisa Kituyi, Secretary General of UNCTAD at the World Investment Forum 2019*





# UNCTAD Entrepreneurship Policy Framework

## Key components of an entrepreneurship policy framework

**1**

**Formulating National Entrepreneurship Strategy**

**2**

**Optimizing  
the Regulatory  
Environment**

**3**

**Enhancing  
Entrepreneurship  
Education and  
Skills Development**

**4**

**Facilitating  
Technology  
Exchange and  
Innovation**

**5**

**Improving  
Access  
to Finance**

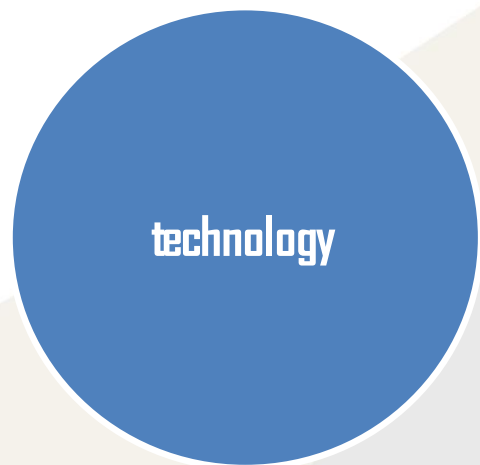
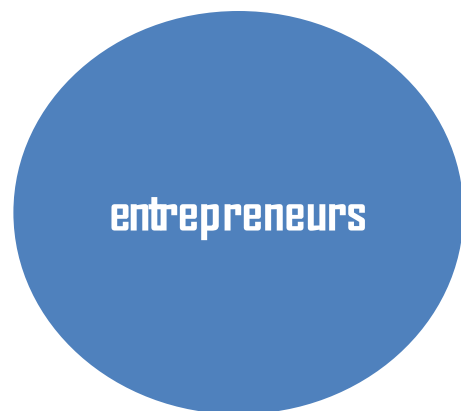
**6**

**Promoting  
Awareness and  
Networking**





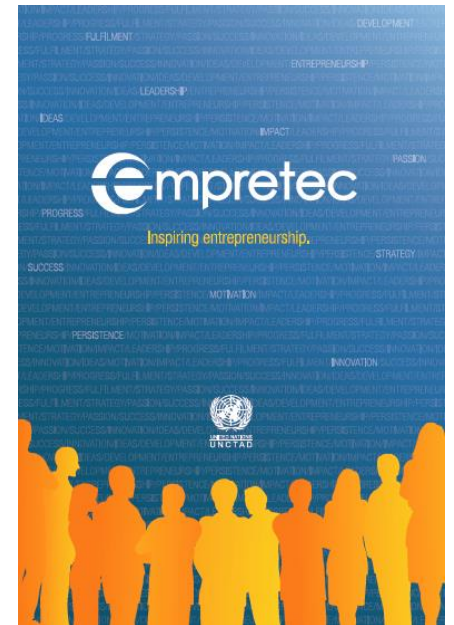
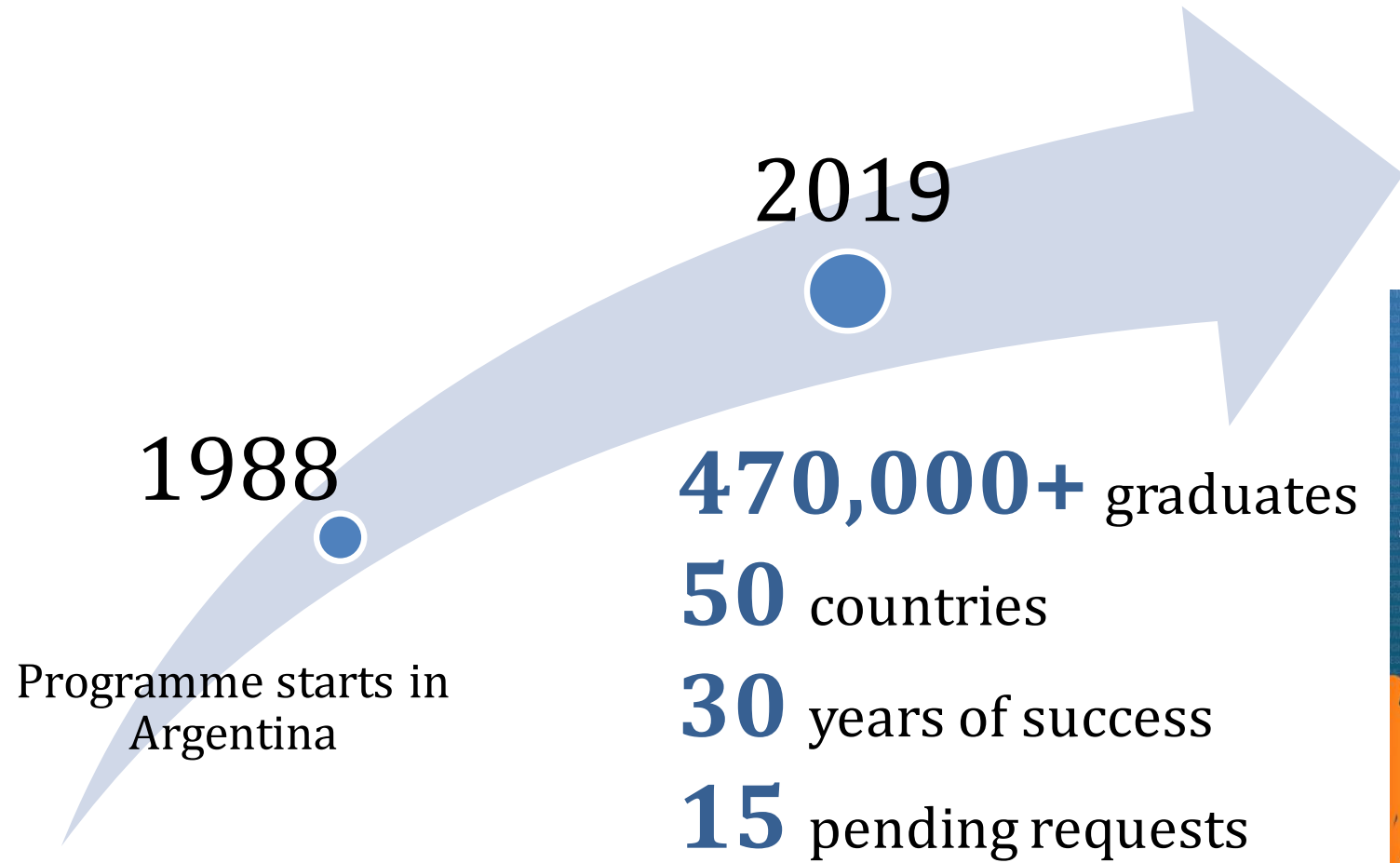
# Empretec



- *UN capacity building programme coordinated by UNCTAD*
- *To promote the creation of sustainable and competitive SMEs, enhance their absorptive capacity for investment & facilitate their trade-related opportunities*



# UNCTAD's Empretec programme





## MEANS OF EMPRETEC FACILITATION

1. Empretec centers installations and organization of Empretec workshops (ETWs); including a pilot ETW
2. Integration of Empretec into the SME supplier development programmes
3. Empretec Women in Business Award initiative
4. Promotion through UNCTAD intergovernmental discussions and policy advise activities

# UNCTAD's Business Linkages Programme



## BUSINESS LINKAGES: ENHANCING COMPETITIVENESS & OPENING UP ACCESS TO INTERNATIONAL MARKETS

"Business linkages are based on commercial rationale, they enable a win-win situation for all stakeholders in the programme."

UNCTAD, DEEPENING DEVELOPMENT THROUGH BUSINESS LINKAGES, 2006

UNCTAD's Business Linkages Programme is aimed at facilitating the creation of new linkages, and deepening existing relationships between foreign companies' affiliates and domestic small and medium-sized enterprises in developing countries, thereby making them more sustainable.

UNCTAD's Business Linkages Programme is built on the mutual self interests of all actors. On the one hand, business linkages are potentially one of the fastest and most effective ways of upgrading domestic enterprises, enhancing their competitiveness and allowing them to access international markets, finance, technology, management skills and specialized knowledge.

On the other, by entering into partnerships with local firms, transnational corporations (TNC) may reduce transaction and factor costs, increase their flexibility, and adapt technologies and products better and faster to local conditions.

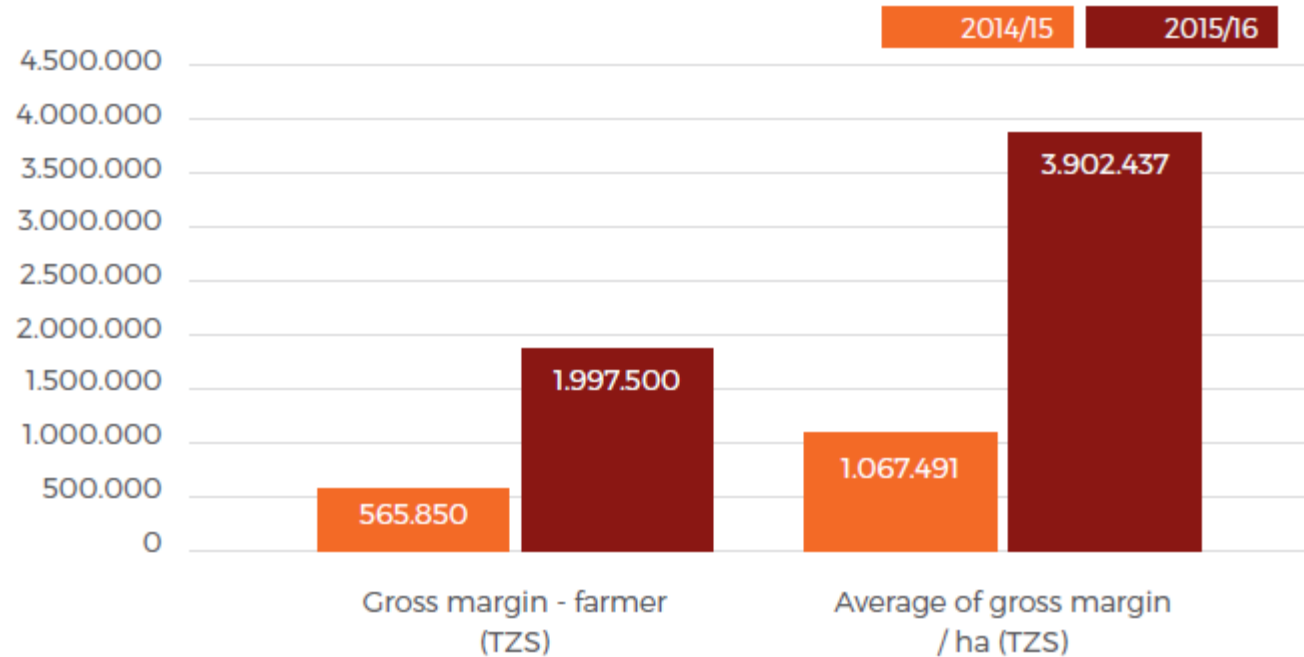
Thus TNCs and domestic firms, as well as the economy in which they are forged, can directly benefit from the programme.

- SME-MNE business linkages serve as catalysts for SME suppliers' upgrade and their integration into Global Value Chains (GVC)
- Programme active in Argentina, Benin, Brazil, Mozambique, Peru, Uganda, Tanzania and Zambia
- Facilitates the adoption of environmental and labor standards
- Inclusion of the poorest segments of the population, especially in rural settings
- With Empretec as key component
- **Entrepreneurship policies** integrated with industrial, rural and STI policies

# Business Linkages in Tanzania



Average gross margin per farmer and per hectare  
(data from Empretec participants)



*Before/after intervention comparison of gross margin per farmer and average gross margin per hectare on a group of beneficiaries (2014/15 harvest: before intervention; 2015/16 harvest: after intervention)*



# UNCTAD Business Facilitation Program

- Started in 2005
- Aims to help governments improve the enabling environment for business by streamlining administrative processes and mobilizing technology.
- 68 Systems implemented in 37 Countries,
- 2993 procedures online, 80% reduction of steps, forms and documents



TRANSPARENT  
REGULATIONS

eRegulations

information portals on  
administrative procedures

SIMPLE  
PROCEDURES

eSimplifications

10 principles to simplify  
administrative procedures

ONLINE  
SERVICES

eRegistrations

transactional  
electronic single windows

The BioTrade Initiative of UNCTAD – launched in 1996 – aims to promote trade and investment in biodiversity derived products and services to further sustainable development

What is BioTrade? Activities of collection, production, transformation, and commercialization of products & services derived from **native biodiversity** under the **criteria of environmental, social, and economic sustainability**

### BioTrade Principles

P1. Conservation

P2. Sustainable use

P3. Equitable benefit-sharing

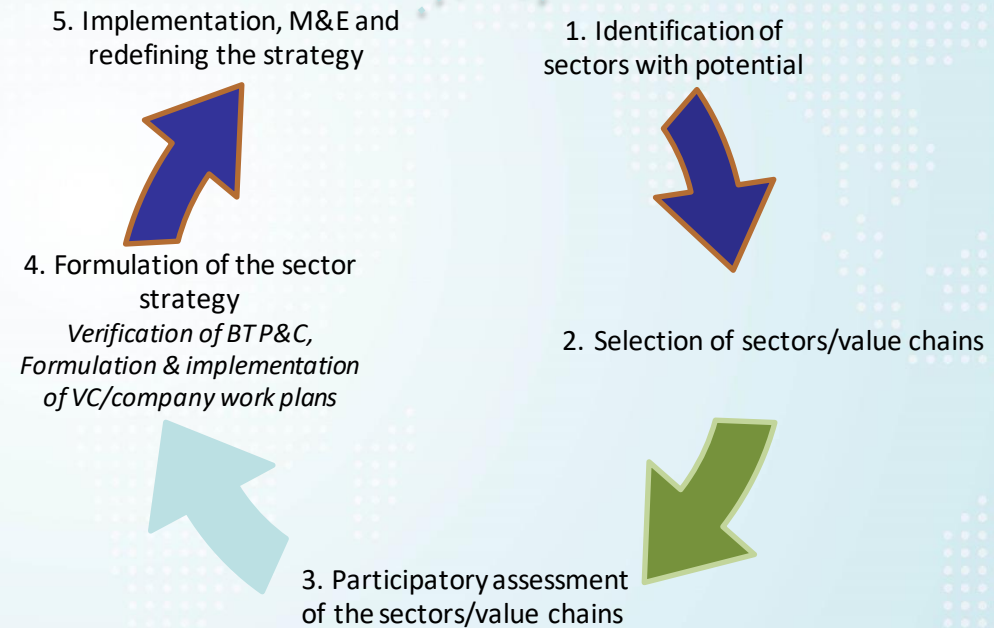
P4. Socio-economic sustainability

P5. Legal compliance

P6. Respect for actors' rights

P7. Clear land tenure & resources access

### Methodology to develop and strengthen biodiversity-based value chains





# Examples of Support Provided



- National and international **policy frameworks**: incentives, identify/address barriers: gaps or duplicity, NTMs, emerging issues: Nagoya Protocol, CITES traceability, immigration, circular economy...
- **Market access**: e.g. B2B programmes, market intelligence, trade fairs & commercial missions, market differentiation, documentation/traceability
- **Supply chain management**: processing and quality improvements, GAPs, management plans, resource assessments, ABS
- **Enhance business capacity of SMEs**: organization, business plans, coaching & training on business skills
- **Funding**: credits, factoring, PPPs, grants



# BioTrade is implemented by partners – government, companies, associations, NGOs, academia...

UNITED NATIONS CONFERENCE ON  
TRADE AND DEVELOPMENT

UNCTAD

- 20+ countries implementing BioTrade in Africa, Asia, LAC... and Europe
- €4.4 bn in sales of BT companies/associations
- 3,500 value chains supported
- Around 5 mil beneficiaries (producers/farmers, collectors/hunters, workers)



## Sectors involved in BioTrade activities



Personal  
care



(Phyto) pharma  
care

Food



Handicrafts



Ornamental  
flora & fauna



Sustainable  
tourism



Fashion



Forest  
carbon credit  
projects





# UNCTAD Role

1. **Entrepreneurship Policy Framework (EPF)**
2. **Policy Guide on Youth Entrepreneurship**
3. **Policy Guide on Entrepreneurship for Migrants and Refugees**
4. **Empretec**
5. **Business Linkages Programme**
6. **Business Facilitation**
7. **Action Plan for Digital Entrepreneurship – e-Readiness assessment**
8. **STI Policy Reviews**
  - Co-chair of STI Forum with DESA
9. **Jack Ma, special advisor on youth entrepreneurship, \$10M African Young Entrepreneur Fund**

# UNCTAD

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[www.unctad.org](http://www.unctad.org)

